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Daily Report

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General

Commentator Hails Qian Qichen's European Tour

HK1303001491 Beijing CHINA DAILY in English
13 Mar 91 p 4

[By CHINA DAILY commentator: "Successful Visit"]

[Text] Foreign Minister Qian Qichen returned to Beijing on Monday after concluding an official visit to seven European countries.

The 17-day trip, which brought him to Portugal, Spain, Poland, Bulgaria, Hungary, Greece and Malta, was the first such visit paid by a Chinese foreign minister to these countries since the latter half of 1989 when the post-war international order had undergone a drastic change.

From initial press reports of Qian's visit, a solid foundation seems to have been laid for the further development of Sino-European relations, and in this respect the visit should be deemed successful.

Qian was warmly received throughout the tour. He held official talks with his counterparts on a wide range of international, regional and bilateral issues. He also met with many heads of state or government and parliament leaders.

China's ties with Western European countries, strained after the events in June 1989, have gradually been normalized in the past year.

Qian's visit reaffirmed the fact that a normal relationship with China—the most populous country in the world and a developing socialist country—is in the bilateral interests of the countries concerned and contributes to peace and stability in Asia and the Pacific. It is also an acknowledgement that China's role in regional and many world affairs cannot be ignored.

During the visit, the foreign minister spelled out four fundamental principles that China considered vital in maintaining good relations between nations. They included seeking common ground while putting aside differences that could not be resolved for the moment, mutual respect, non-interference in each other's internal affairs and equality and mutual benefit.

These four principles also constituted the essential elements for establishing a new political and economic order in the international arena.

Friendly

Over the past four decades, China's ties with Eastern European countries have on the whole been close and friendly. After the social and political changes in the region since the autumn of 1989, Qian's visit to Poland, Bulgaria and Hungary has enhanced mutual understanding on a number of important issues and renewed the traditional, good people-to-people and state-to-state relations.

The foreign minister stressed that it was up to the people of each country to choose their own social, political and economic systems and ideology in the light of their own national circumstances. He reiterated that China respected the choice of the East European peoples. He and his hosts reiterated the willingness of both sides to maintain and develop bilateral relations despite ideological differences.

It is gratifying that the state and government leaders of the three countries clearly reiterated that they recognized only the People's Republic of China as the sole legitimate government of China.

Since China is concentrating on its own economic development, it not only wishes to see stable social and political conditions at home, but also a peaceful international environment. Therefore, China will continue to adhere to its policy of developing friendly relations with all other countries and regions according to the Five Principles of Peaceful Co-existence and make its due contribution to maintaining peace in the world.

Foreign Minister Qian's recent visit is but a part of China's efforts in this regard.

Official Minimizes Effect of Western Sanctions

HK1303045891 Hong Kong AFP in English 0446 GMT
13 Mar 91

[Text] Beijing, March 13 (AFP)—China said Wednesday that international sanctions imposed after the suppression of the 1989 democracy movement had had a minimal impact on the country's economy.

"The sanctions have not had a big impact," State Statistics Bureau spokesman Zhang Zhongji said. "The Chinese Government has adhered to the principle of relying on our own efforts."

Mr. Zhang was speaking at a news conference to publicize China's success in implementing its seventh five-year plan ending 1990.

China's domestic market was so large that any external sanctions could have only a "partial effect," he said, adding that the effects in the last two years were confined mainly to high technology imports.

Western countries are now gradually lifting economic sanctions imposed after June 1989 to protest the Chinese military's killing of hundreds of people demonstrating for democracy.

Mr. Zhang said that in the five-year period the gross national product increased 7.8 per cent in real terms, exceeding the 6.7 per cent target, as the population rose 7.4 per cent to 1.14 billion people.

China had neglected "ideological and political education for a time," he said, apparently referring to a pre-1989 trend of what leaders here call "bourgeois liberalization," or the negative influence of capitalist concepts.

But he said market forces were playing a larger role in the economy.

The share of the collective and other non-public sectors of the economy increased from 32.8 and 2.3 per cent respectively in 1985 to 36.9 per cent and 8.6 per cent, although public ownership retained its "leading role," he said.

Among other major problems were times of excessive economic growth and inflation due to "over-anxiousness for quick results in economic development" and "excessive decentralization in some aspects of economic life," he said.

Although the authorities took draconian austerity measures in 1988 to rein in an overheated economy stimulated by development in the coastal provinces, industrial output in 1990 was 85.1 per cent higher than in 1985.

Agricultural production rose 25.3 per cent in the same period, Mr. Zhang said.

Concern Over Increasing Trade Protectionism

OW1203175391 Beijing XINHUA in English
1737 GMT 12 Mar 91

[Text] Geneva, March 12 (XINHUA)—China expressed on Monday concern over increasing trade protectionism adopted by industrialized nations, saying that protectionism has lead to difficulties faced by the economy and trade of developing countries.

Speaking at the United Nations Conference on Trade and Development, Chinese representative, Wang Tiance, said developing countries were the hardest hit by protectionism in the trade of farming products and textiles.

"Protectionism has distorted the pattern of the world trade, reduced the possible benefits of division of labour based on comparative advantages and impeded the process of structural adjustment," he said.

While many developing countries were gradually taking measures to open their market, he said, trade protectionism adopted by the developed countries had been on the rise.

The Chinese delegate also expressed concern that the vast majority of developing countries were excluded from regional trade blocs and were subject to increasingly severe trade discrimination.

Scholars Promote Pacific Economic Cooperation

OW0803172191 Beijing XINHUA in English
1500 GMT 8 Mar 91

[Text] Beijing, March 8 (XINHUA)—Chinese Governmental officials, noted scholars and specialists, gathered in Beijing today to explore ways for Pacific economic co-operation in light of the new international situation.

Participants attending the 4th session of the China National Committee for Pacific Economic Co-Operation

(CNCPEC) were in agreement that Pacific economic co-operation is facing new problems and challenges because of the dramatic changes which have taken place in the world.

Rong Yiren, vice-chairman of the National People's Congress Standing Committee and honorary CNCPEC president, said that an important issue in the Pacific region is whether economic vitality can be maintained and can be turned into a driving force for world economic development.

Liu Huaqiu, vice-minister of foreign affairs, said that as one of the largest countries in the Pacific, China will actively participate in regional economic co-operation and will extend further efforts to promote such co-operation.

CNCPEC President Li Luye said that he will lead a delegation to attend the 8th Pacific Economic Conference which is scheduled for Singapore in May.

Media Cover, Comment on Baker's Mideast Tour

Meeting With Israeli Prime Minister

OW1203143891 Beijing XINHUA in English
1419 GMT 12 Mar 91

[Text] Cairo, March 12 (XINHUA)—U.S. Secretary of State James Baker today met with Israeli Prime Minister Yitzhaq Shamir as part of Washington's efforts to push forward the Middle East peace process in the wake of the Gulf war.

Reports from Jerusalem quoted Shamir's media adviser Avi Pazner as saying the two men met for 75 minutes in "a very friendly, warm and cooperative atmosphere."

Pazner said Shamir agreed with Baker on a two-track approach to a Middle East settlement. "We have the feeling we can start to try to make the process of peace go," Pazner was quoted as saying.

The parallel tracks are aimed at opening Israeli talks with Arab states on the one hand and with Palestinians on the other, the reports said.

Pazner insisted that the Israeli Government actually had originated the strategy. He provided no details of Baker's session with Shamir and said they would meet again at dinner later today.

Baker arrived in Israel on Monday after talks in Saudi Arabia, Kuwait and Egypt with Arab leaders on the post-Gulf war issues concerning security and peace in the region.

He held talks with Israeli Foreign Minister David Levi on Monday, declaring he has seen signs of new Arab attitudes toward Israel.

"I have seen what I consider to be, at least, signs of new thinking. I have seen what I consider to be a willingness to consider new approaches," Baker said.

Israeli Alliance Role Considered

OW1203120191 Beijing XINHUA in English
1115 GMT 12 Mar 91

[Text] Cairo, March 12 (XINHUA)—U.S. Secretary of State James Baker agreed to consider Israel's request to be part of an emerging Middle East defense alliance, Israeli Foreign Minister David Levi said today.

Reports from Jerusalem quoted Levi as saying that Baker did not bring up the issue of land-for-peace formula for settling the Arab-Israeli conflict during their talks Monday.

Baker arrived in Israel on Monday after talks in Saudi Arabia, Kuwait and Egypt with leaders of eight Arab states.

Levi said Baker mentioned in their discussion that the Arab states are discussing a kind of "defense pact."

"I told him these eight, in a situation of cessation of hostilities and embarking on the path of peace, could be eight plus one, plus Israel...that Israel could be an important basis," Levi told Army radio.

He said Baker "accepted this."

Earlier today, Baker met with Israeli Prime Minister Yitzhak Shamir. No details were disclosed.

Levi also said Baker "didn't mention land-for-peace...and he understands the significance...The other side understands the parameters it shouldn't move beyond."

The Israeli Government objects to relinquishing occupied Arab territories in exchange for peace.

Israel radio said proposals for granting limited autonomy to 1.7 million Palestinians in the occupied West Bank and Gaza Strip were expected to be key agenda items in Baker's talks with Israeli leaders.

Earlier on Monday, both Baker and Levi said after their talks that they saw signs of a new Arab attitude toward Israel that could provide openings for peace in the Middle East.

After receiving a report from Baker, which was based on his talks with Arab leaders, Levi said, "I am pleased they are beginning to show signs of change."

Baker declared, "the time is now for us to try and seize the moment," adding that he had seen "signs of new thinking." "Maybe we have a chance now for new thinking in both directions," he said.

Talks With Palestinians Viewed

HK1303014891 Hong Kong TA KUNG PAO in Chinese
13 Mar 91 p 3

["News Periscope" by Ta Wen (6671 5113): "United States Deceives Itself as Well as Others"]

[Text] The U.S. attitude of not recognizing the Palestinian Liberation Organization [PLO] is indeed deceiving itself as well as others. Objectively, the PLO is the only organization that can speak on behalf of the Palestinians, and has the support of the Palestinians inside and outside the Palestinian territory. The United States hopes that a "nice guy" can come from within the PLO, grasp power, and replace 'Arafat. The problem is, the "nice guy" in the eyes of the United States does not equal a "nice guy" who can speak for the Palestinians.

The Palestinians whom Baker met yesterday were in fact the PLO representatives, and the meeting was approved by the most senior level of the PLO; the delegation also said the PLO was their only representative.

It seems that the United States has left some room for maneuver when handling its relations with the PLO, and said only that it will not hold talks with the PLO in the near future. The far future is another problem. Therefore, Baker did not agree that the dialogue between both sides has "concluded," but said it "stopped." (or stopped for the time being) Here, it seems there is a problem, and that is, Israel and the Jewish groups in the United States must be convinced first.

PLO Describes 'Positive' Meeting

OW1203222791 Beijing XINHUA in English
2114 GMT 12 Mar 91

[Text] Cairo, March 12 (XINHUA)—The PLO leadership described as "positive" today's meeting between U.S. Secretary of State James Baker and a Palestinian group in west Jerusalem, according to reports from Tunis.

The Palestinian news agency WAFA quoted a PLO spokesman as saying that the PLO leadership "pays homage to the way in which the Palestinian personalities carried out their mission."

During the 90-minute meeting in the home of the U.S. consul-general in west Jerusalem, the group of ten Palestinians presented a document which stressed the PLO's status as the "sole legitimate leadership" of the Palestinian people and repeated the demand for an independent Palestinian state.

The group "made clearly understood to the American official the voice of the Palestinian people, attached to their inalienable national rights and to their leadership, the PLO," the spokesman said.

"This position ... crushes all attempts to put into question the representation of the (Palestine Liberation) Organization or to bypass it," the spokesman added.

While in Cairo Monday, Baker told reporters that his meeting with the Palestinian group would in no way mean a resumption of the U.S.-PLO dialogue suspended last June.

Meanwhile, the PLO leadership decided at a meeting chaired by President Yasir 'Arafat to approve the

meeting and authorize the group to represent the Palestinians both in and outside the West Bank and Gaza Strip occupied by Israel since 1967.

Editorial Examines Policy

HK1303043891 Hong Kong WEN WEI PO in Chinese 13 Mar 91 p 2

[Editorial: "The U.S. Middle East Policy"]

[Text] U.S. Secretary of State Baker is employing shuttle diplomacy in the Middle East, hoping to set up a new, U.S.-designed framework there.

Baker has two objectives. One is to encourage Israel to dialogue with the Arab countries. The other is to encourage Israel to dialogue with the Palestinians. On this basis, a U.S.-made peace will be realized in the Middle East.

As to Iraq, Baker is inclined to truss it up with a large amount of war indemnity so that it may not stage a comeback in the future. In fact, the U.S. troops are still occupying the southern part of Iraq, where there are abundant oil resources. In the future, the U.S. troops in this area will be replaced by the peace troops of eight Arab countries (no fear that Iraq will refuse to repay the war indemnity), and the U.S. Navy and Air Force will be stationed in Kuwait and Saudi Arabia. Thus, the long-cherished wish of the United States to station forces in the Middle East will be realized.

The peace troops of the eight Middle East countries will mainly be composed of the troops of Syria, Egypt, Saudi Arabia, and Kuwait. Iran is basically excluded. Saudi Arabia and Kuwait stand for uprooting the Saddam regime. At present, the United States still has to rely on them in order to realize its framework of Middle East security and eliminate all forces that may lean toward the Soviet Union or may take concerted actions with the Soviet Union. If Iran is allowed to intervene in the internal affairs of Iraq and support the Shiite troops to seize power, a situation will then appear in which "Iran will pick peaches from the trees grown by the United States." In the current stage, although the United States is trying to weaken the strength of Saddam, it does not really want to overthrow his regime immediately. Beginning with Jimmy Carter, three U.S. presidents have supported and maintained considerably good relations with the Saddam regime, regarding it as a force for constraining Iran. The Americans know very well that if the hard-line Muslim faction rises to power, it will be even more troublesome than Saddam Husayn. In fact, although Saddam Husayn was stubborn in his words, during the second half of the Gulf war he basically adopted a policy of nonresistance and withdrew his troops in advance. That is why the allied forces were just like "entering an unpeopled land" when they got into Kuwait City. Saddam always left himself a way of escape. In the future, he may try to improve relations with the United States again. Because of this, the United States has now put aside the question of whether to eliminate the Saddam regime and is doing its best to realize dialogue between the Arab countries and Israel. It hopes

that a peace treaty will be signed first and then gradually realize the target of "exchanging land for peace."

Israel has been assured by the United States that with U.S. military aid, it will build up a powerful military strength and its security will not be threatened. Furthermore, the United Nations will not have a hand in the solution of the Middle East peace issue, which will be resolved only in accordance with the U.S. program, because the relevant UN resolution is aimed at establishing two countries on the land of Israel: Palestine and Israel.

Israel may accept the Palestinian representatives selected and screened by the United States, but will not accept the Palestine Liberation Organization. Bush has declared that the United States will play a positive role in the Middle East peace issue, but this does not mean the United States will decide everything. As a matter of fact, this has left Israel plenty of room for refusing to recognize the PLO. A declared reason of Bush is: "Because the PLO supported Iraq, the United States will not negotiate with it in the near future." Yesterday, during his meeting with the Israeli prime minister, Baker also emphasized that the United States will not negotiate with the PLO.

However, a true reason is that the United States hopes that an international conference on the Middle East peace issue will not be held in the next two or three years. It only hopes that the current complicated situation of no peace and no war will continue and the Palestine issue will not be thoroughly resolved in the current stage. Baker said: "To have the conference held too early can only counteract the efforts of various sides for stabilizing the situation of this area." Moreover, the military deployment of the United States and the Arab countries in the Middle East will continue for some more years.

The United States knows that after the issue of Iraq's invasion of Kuwait is solved, the United Nations will certainly demand that the United States and Israel carry out the relevant resolutions of the UN Security Council on Israeli withdrawal from all Arab land. At present, the United States is just trying to deal with this pressure and extricate itself from the passive situation. For this reason, before other members of the UN Security Council and the European Community put forth any peace programs, the United States has monopolized all the Middle East affairs. Meanwhile, it is also adopting a tactic of letting the internal disorder continue to develop in Iraq. Provided Saddam is not overthrown and the PLO is not recognized, the international conference on peace in the Middle East can be indefinitely postponed.

Article Probes Unrest in Socialist Countries

HK1303011991 Guangzhou NANFANG RIBAO in Chinese 4 Mar 91 p 3

[Article by Yan Jianqiang (0917 1696 1730): "How To Treat the Present Zigzags and Unrest in Socialist Countries"]

[Text] Zigzags or unrest have universally surfaced in socialist countries worldwide in recent years. Some countries have deserted socialism, and political storm has also emerged in China. In a certain sense, we may say that socialism has been in its most serious crisis since its birth. Consequently, people ask: "What is wrong with socialism?"

The zigzags and unrest surfacing in socialist countries worldwide in recent years were the consequence of diversified internal and external factors, especially imperialism's acceleration of its pursuit of the "peaceful evolution" strategy, interference coming from the socialist countries' traditional structure, and mistakes surfacing in reform.

Viewing the major international backdrop, we find that our times are still characterized by capitalism transiting to socialism. The struggles between the two social systems started shortly after the October Revolution's victory. A series of socialist countries surfaced after World War II ended, especially the victory of the Chinese people's revolution. Consequently, a great change favoring socialism surfaced in the balance of the world's two social systems. Socialism's continuous victories made the international capitalist class see that resorting to force would not help conquer and bring down the socialist system. This being the case, they set forth the "peaceful evolution" strategy in the 1950's, while pinning their hopes on the socialist countries' third and fourth generations. However, over a considerably long period of time, "peaceful evolution" did not become imperialism's major means in actual implementation, nor did it achieve any marked results. To account for this, we find that the East and West were in a state of confrontation since the late 1950's: Western reactionary forces implemented "containment" toward socialist countries, while socialist countries maintained high vigilance and guarded against them; thus, it would not be easy to conduct political, economic, ideological, and cultural infiltration. More importantly, though, was that various socialist countries were enjoying political stability and rapid economic growth, while the people lived and worked in peace and contentment and the whole situation took on a momentum of developing in prosperity with each passing day, in addition to the vigorous development of developing countries' national emancipation movements. Whereas Western imperialism developed an inferior situation marked by decline and endless internal and external difficulties, crises, and contradictions.

The international situation has undergone great changes since the 1970's, due chiefly to the proletarian revolution climaxing and the national emancipation movement phasing out, while East-West relations were changing from confrontation to dialogue and relaxation with each passing day. Consequently, the world entered a period with peaceful development as the theme, while the two socialist systems coexisted with struggles going on simultaneously. During that period, the contradictions facing Western developed countries relaxed somewhat for a time and their economies continued to grow at a low rate, while socialist countries universally met structural difficulties and committed mistakes in the course of exploring reform. The anticommunist

forces took this opportunity to start implementing their "peaceful evolution" strategy. On 8 June 1982, Ronald Reagan delivered at the British Parliament a speech denoting the general goal of U.S. foreign policy, saying that in the struggle between the two systems, "the ultimate decisive factors are not nuclear warheads and rockets, but the contention of ideologies and will," and calling for "all democratic countries to think about the question of how to help the world's democratic political movement." This speech was regarded as a prelude to the "peaceful evolution" strategy's change to the offense, which was comprehensively launched later, "with Eastern Europe as the key, and Poland and Hungary as a breach." On the strength of economic aid and technology transfer, they coerced socialist countries to implement pluralism and the multiparty system politically, and privatization economically. They accelerated ideological infiltration in every possible way by setting all their propaganda apparatus in motion, while cultivating, supporting, and buying over so-called "dissidents" in those countries. With propaganda of so-called Western "freedom, democracy, and human rights" as weapons, they threw mud at the socialist system. They paid for the education of the "pro-Western younger generation," and tried to win the younger generation away from socialist countries.

In the final analysis, whether or not socialist countries would "evolve" into capitalism depended on the actual conditions of those countries' inner contradictions. The reason the imperialist's "peaceful evolution" strategy has been successful in some countries lies chiefly in the fact that those countries' socialist economies were operating under a long-standing traditional ossified structure without due results, thus the play of socialist advantages was greatly impeded. Such a condition has reduced socialist strength in competing with capitalism, and considerably jeopardized socialism's reputation, attraction, and rallying force among the people. In addition, some mistakes surfaced when socialist countries were carrying out restructuring. In fact, such restructuring was a historical movement of socialism's self-completion and -perfection, and an expression of adhering to the socialist system. However, since we have not entirely mastered the law governing reform and construction, in the course of experimenting, mistakes were inevitable, which Western reactionary forces would naturally take advantage of, and did their best to guide such reform "onto the capitalist track."

Practice showed that socialist countries' traditional structure must undergo reform, which should not be conducted arbitrarily or deviate from the socialist orientation. Then, the Communist Party in power is likely to commit mistakes in leadership work, and reactionary forces will surely use such mistakes as bullets to fire at socialism. In addition, the existence of hostile anticommunist elements and forces inside socialist countries, the flooding in of the ideological trends of bourgeois liberalization in recent years, and the surfacing of opportunism and corrupted elements inside the party in power were all important causes leading to "peaceful evolution."

Some people asked, "Is the emergence of zigzags and unrest in the socialist countries progress or retrogression?" We should say that the entire socialist cause has made progress, but in due course it has gone through many difficulties, zigzags, and even retrogression. Such phenomenon repeated itself on several occasions in history. It is precisely by overcoming difficulties and setbacks that socialism has progressed. In the wake of the First World War's outbreak, most parties in the Second International openly took the imperialists' side and gave up the principle of internationalism; consequently, a heartbreaking division surfaced of unprecedented scale in the internationalist movement's history. To some people, the communist movement seemed hopeless. In such adversity, Lenin led the Bolsheviks, and united leftists in various countries to wage tit-for-tat struggles with a clear-cut stand against the representatives of opportunism in the Second International, and succeeded in overcoming their offensives, defending and developing Marxism. The communist movement did not perish in partial retrogression, but marched forward in long strides on a new basis. History showed: We cannot put an equal-sign between the zigzags in socialism's development and failure in the socialist cause, and temporary retrogression will never change the general law governing history. Presently, socialism has suffered another setback, and even retrogression in some countries. Once again, Western reactionary forces are spreading theories of socialism's "failure" and "bankruptcy." However, we firmly believe that these are just some whirlpools and adverse streams in the long river of history's torrent, and some comparatively big ones at that.

Date Set for Soviet Withdrawal From Poland

OW1303085191 Beijing XINHUA in English
0810 GMT 13 Mar 91

[Text] Warsaw, March 12 (XINHUA)—The Soviet Union will begin pulling its troops out of Poland in April and May, Mikhail Moiseyev, chief of the General Staff of the Soviet Armed Forces, said here today.

Moiseyev said the headquarters of the Soviet troops in Germany, which is based in Poland, will also withdraw in the first half of this year.

Moiseyev, who is also first deputy minister of defence, arrived here on Monday on his two-day working visit.

In the two days, he met Polish Foreign Minister Krzysztof Skubiszewski, and Defence Minister Piotr Kolodziejczyk, to discuss the pullout from Poland and Germany, and the problem of passing through Polish territory when Soviet troops are withdrawn from Germany.

Both sides differ greatly on the completion time of withdrawal.

Since last year, Poland has demanded the Soviet Union complete its withdrawal from Poland by the end of this year. But the Soviets insisted on completion by 1994.

The Soviets said they had difficulties in making arrangements. Soviet troops would be needed in Poland while the withdrawal from Germany was underway.

Both sides were reported to have eased their stand after talks, but were still far from consensus.

The Soviets conceded that the eventual pull-out could be completed before the middle of 1994.

However, the final timing is expected to be decided by Soviet President Mikhail Gorbachev and his Polish counterpart, Lech Walesa, who is preparing to visit Moscow on an unconfirmed date.

Moiseyev said Soviet troops would return home mainly by sea, and the use of Polish railways would probably be limited. He ruled out highway transport.

Poland maintained that an agreement was needed between the two countries on the Soviet troop withdrawal from Poland, and on transit of Soviet troops from Germany.

United States & Canada

Costs, Benefits of Gulf War for U.S. Examined

'Roundup' Studies Economy

OW1303053691 Beijing XINHUA in English
2332 GMT 12 Mar 91

[Text] "Roundup: Economists See Limited Impact From End of War on U.S. Economy (By Fang Yinong)"—XINHUA headline

[Text] Washington, March 12 (XINHUA)—Some economists believe that the end of the Gulf war is unlikely to pull the United States out of the recession soon because major problems causing the recession remain resolved. [sentence as received]

Federal Reserve Board Chairman Alan Greenspan said the end of the Gulf war had removed a "troublesome uncertainty" for the U.S. economy. Yet he also warned that the weakness in real estate markets and credit crunch could threaten economy recovery.

According to the central bank head, positive impacts from the end of the war are the lower oil prices and a lift to consumer and business confidence.

However, some economist saw a limited impact from the end of the war and believed that economic problems confronting the United States remain serious. These problems include the climbing unemployment rate, overbuilt housing markets, credit crunch and bank crisis.

Robert Chandross, chief economist in the New York office of Lloyds Bank, said the February employment report showed that "the end of the war by itself is not going to be sufficient to turn this recession around."

According to the Labor Department, the nation's unemployment rate jumped to 6.5 percent in February, up from 6.2 percent in January, to reach an all-time high in four years. Also in February, the jobless numbered 8.2 million, 450,000 more than in the previous month. That does not include 6.1 million workers who want to work full time but are working only part time.

Even if the current recession is "brief and mild" as predicted by the Bush administration, by the mid-year another one million American workers will have joined the ranks of the unemployed, bringing the jobless rate to seven percent. Many economists forecast that if the country does not come out of the recession by the mid-year, the unemployment rate will climb to eight percent by the end of the year.

William MacReynolds, an economist of the U.S. Chamber of Commerce, said, "even if consumer confidence rises in the next few months as a result of the successful completion of the Persian Gulf war, consumer spending will not rebound significantly until taxes are cut and unemployment is reduced."

Bruce Steinberg, an economist with Merrill Lynch Capital Markets in New York said, "the problem has not been a lack of confidence. The problem is that consumers don't have any money to spend."

Consumer spending is considered vital to the U.S. economy as it accounts for about two-thirds of the gross national product—the total value of the country's goods and services.

According to the Labor Department, personal incomes rose six percent in 1990, while the inflation rate reached 6.1 percent. This shows that personal incomes declined 0.1 percentage point in real terms. Consumer spending fell 0.6 percent in January, while personal incomes declined 0.5 percent.

Richard Rippe, president of the National Association of Business Economists, said falling oil prices and rising confidence would be offset in part by rising unemployment, a lack of demand for many goods and services and weak corporate performance.

Many economists believe that long before the Gulf crisis began, the U.S. real markets had entered a recession. According to the Federal Deposit Insurance Corp., the national office vacancy rate increased to 19.5 percent at the end of 1990, from 18.1 percent a year earlier.

Moreover, housing starts fell in ten months between February 1990 and January 1991. The slumping construction industry has adversely affected related building material industries and has constituted a threat to the banking system.

Economists say that the credit crunch is due to the hard times facing the banking industry. Some 200 banks went bankrupt in 1990 and now 1,000 banks are on the verge of bankruptcy.

Profits of the banking industry have plunged since the beginning of 1990. Many big banks, such as the Citibank and Chase Manhattan Bank, have suffered losses. The most important reason for the crisis facing the U.S. banks is that in the 80s, commercial overextended loans to real estate agents and yet they are unable to recover a considerable part of those loans. [sentence as received]

Privileges in Kuwait Reconstruction

HK1303040991 Beijing RENMIN RIBAO in Chinese
10 Mar 91 p 6

[Article by staff reporter Cang Lide (0221 4539 1795): "U.S. Businessmen Enjoy Privileges in Rebuilding Kuwait"]

[Text] Many U.S. businessmen have been gathering in Saudi Arabia recently, competing with one another for contracts with Kuwait on its post-war reconstruction. THE NEW YORK TIMES disclosed that of Kuwait's 200 first-stage reconstruction projects, the United States obtained 70 percent, pushing aside its Western competitors with the total contract value reaching over \$800 million, but this is only a very small portion of the whole lump.

Some people maintain that Kuwait's post-war reconstruction will be the largest in scale and most rapid in history. Kuwaiti officials estimated that the total costs for reconstruction plans in the coming five years will range from \$50 to \$100 billion, which is equivalent to the costs for rebuilding Western Europe under the "Marshall Plan" after World War II. TIME magazine holds that Kuwait's reconstruction will extend into the next century, and that Kuwait will have to spend \$200 billion over the next 10 years. U.S. business circles regard it as a "potential gold mine" that will bring enormous profits. If anyone can get just a piece, he will gain long-term profits.

Kuwait's oil wells, which number nearly 1,000, all have been damaged; half of them are burning still. Restoring Kuwait's seriously damaged oil industry is the focus of all reconstruction projects, and it is expected that putting out the fires and restoring the oil industry over the next five years will cost \$15 billion. In the scramble for hugely profitable projects, such as in the oil and construction industries, some large U.S. corporations gained the upper hand. For example, recently, the Bechtel [bei qi te er—6296 1142 3676 1422] Group of Companies, headquartered in San Francisco, signed a letter of intent worth \$150 million. According to reports by U.S. newspapers and magazines, in the next few years, the group will earn \$6 billion from the contracts on the restoration of Kuwait's oil industry. Moreover, U.S. Perkins-Will [pa jin si-wei er—1584 6855 2448 4850 1422] International Company, Refuse Management Company, and others are expected to obtain large numbers of contracts.

In competing for commercial profits from Kuwait's reconstruction, the United States has not acted on the principle of "fair competition." Over the past few months, the U.S. Government has always put political pressure on Kuwait, urging it to allow U.S. companies to

play a guiding role. To this end, U.S. President Bush even sent a special letter to the Kuwaiti head of state. This January, the Kuwaiti ambassador to the United States stated: The Kuwaiti Government will adopt a favorable policy for the United States, which made a "huge sacrifice" during the Gulf war, and plans to grant the majority of reconstruction contracts to it. The U.S. moves have made other Western countries envious. In the middle of last month, British Foreign Minister Hurd personally headed a group of high-level entrepreneurs for a special visit to the exiled Kuwaiti Government and met with the amir and crown prince. The crown prince said that those who have supported Kuwait will be granted special privileges. Lately, the British (Atwoods) [a te wu zi—093 3676 0124 5417] Company finally obtained a contract on clearing the debris left over from the war.

So far, no French companies have gotten any big deals. Many companies are preparing to join the French trade delegation and try their luck during the delegation's visit to Kuwait.

Some Arab countries are not missing their chance, either. Recently, Kuwait has purchased \$80 million of foodstuffs from Saudi Arabia, which also has also bid for contracts to supply cement and construction materials. Egypt is prepared to send large numbers of workers to Kuwait, the total will exceed the 400,000 who were there before the war.

Since Japan and Germany rendered only financial support without directly engaging in the Gulf war, they cannot but withdraw themselves in business deals. Japanese Government leaders have warned Japanese companies that they should not join in the competition. Nevertheless, these Japanese companies have never hidden their discontent and urgent desire.

Some U.S. experts maintain that it will be impossible to push Japan and Germany aside for long, as they will find their way into Kuwait's reconstruction market with such advantages as capital, prices, and quality. In order to raise funds for reconstruction, Kuwait is prepared to sell part of its \$300 billion of overseas assets and also plans to borrow money for urgent needs. In this respect, Japan, with its abundant funds, naturally will gain the upper hand. Moreover, before the war U.S. exports to Kuwait accounted for less than 10 percent of Kuwait's total imports, and the United States was far inferior to Japan and Germany in its competitiveness. As the costs for postwar reconstruction rise daily, Kuwait eventually will have to look to Japanese and German companies for the best economic returns.

U.S. Hopes for Next-Round Philippine Base Talks

*OW1203125091 Beijing XINHUA in English
1132 GMT 12 Mar 91*

[Text] Manila, March 12 (XINHUA)—The United States hoped the one more round of negotiations on its

military bases in the Philippines will finally lead to a new security treaty between the two countries, U.S. Embassy spokesman said here today.

Stanley Schrager said the U.S. "certainly hopes" no more rounds of talks after the extra one scheduled late this month or early April.

Because of differences on duration and compensation, the Philippine and U.S. panels failed to reach a treaty during previous five rounds of negotiations, and another round is necessary for a compromise agreement, according to Philippine Foreign Secretary Raul Manglapus.

Thus U.S. special negotiator on the bases Richard Armitage will return one more time, but not until a compromise agreement on the twin issues be reached, U.S. Embassy sources said.

The Philippines still demands 825 million U.S. dollars annually for a seven-year duration, while the U.S. only offers 360 million U.S. dollars every year in a 10-12 year period.

Soviet Union

Maslyukov Talks With General Liu Huaqing

*OW1203144991 Beijing XINHUA in English
1416 GMT 12 Mar 91*

[Text] Beijing, March 12 (XINHUA)—General Liu Huaqing, vice-chairman of the Central Military Commission, met with visiting Soviet Deputy Prime Minister Yuriy Maslyukov here today.

They had a cordial and friendly conversation.

'Soviet,' 'Socialist' Dropped From Treaty Draft

*OW1303042391 Beijing XINHUA in English
0154 GMT 13 Mar 91*

[Text] Moscow, March 12 (XINHUA)—A high ranking Soviet official said here today that terms for Sunday's national referendum on the future of the Soviet Union would remain as what was set by the Supreme Soviet last January.

The question of the referendum will be: "Do you think that the Union of the Soviet Socialist Republics should be preserved as a renewed federation of equal sovereign republics in which the rights and freedoms of any nationality shall be guaranteed?"

But Grigory Revenko, an aide to President Mikhail Gorbachev, admitted in a news conference today that the words "Soviet" and "Socialist" had been dropped from the draft union treaty that was released last Friday.

The name of the country might be changed to "The Federative Union of Sovereign States," Revenko predicted. He added that the name change is at hand since

many of the 15 republics have already deleted the words of "Soviet" and "Socialist" in their official titles.

However, the aide stressed, the referendum does not define the name of the country, but defines the future of the union.

President Gorbachev will make a television speech on Saturday calling for participation in the referendum, he said.

According to Soviet laws, the referendum becomes valid when more than fifty percent of the registered voters take part in the voting in each of the 15 Soviet republics.

Republics where the majority votes against joining the union would be allowed to secede, but they must first abide by the secession law, Revenko said.

Six republics have decided to boycott the referendum, including the three Baltic states, and Georgia, Armenia and Moldavia.

Meanwhile, Revenko revealed that eight republics and 18 former autonomous republics have agreed to sign the draft union treaty which had been handed down to republics' parliaments for further discussion.

Northeast Asia

DPRK Denounces U.S. 'Human Rights' Slander

HK1203110791 Beijing RENMIN RIBAO in Chinese
9 Mar 91 p 6

[“Dispatch” by reporter Zhou Bizhong (0719 1801 1813): “DPRK’s KCNA Denounced the United States for Slandering DPRK Under the Pretext of ‘Human Rights’”]

[Text] Pyongyang, 8 Mar (RENMIN RIBAO)—In a report on 7 March, the DPRK’s KCNA denounced the United States for maliciously slandering the DPRK again under the pretext of “human rights.”

The KCNA report states that at a recent meeting of the UN Human Rights Committee held in Geneva, the U.S. representative absurdly fabricated an accusation and babbled that the Korean people “have been deprived of the larger part” of fundamental human rights. This is a challenge to the DPRK socialist system, as well as intolerable interference in the internal affairs of a sovereign state.

Foreign Trade Minister Meets DPRK Delegation

OW1303065291 Beijing XINHUA in English
0603 GMT 13 Mar 91

[Text] Beijing, March 13 (XINHUA)—Li Lanqing, Chinese minister of foreign economic relations and trade, met with Han Su-kil, vice minister of trade of the Democratic People’s Republic of Korea (DPRK), here this morning.

The host and guest discussed the economic and trade relations between the two countries.

Han Su-kil is heading a DPRK government trade delegation on a visit to China.

Seoul Seeks Joint Bid To Host World Cup

OW1303082891 Beijing XINHUA in English
0709 GMT 13 Mar 91

[Text] Beijing, March 13 (XINHUA)—1988 Olympic host South Korea has decided to seek to bid for the 2002 World Soccer Cup tournament together with the Democratic People’s Republic of Korea.

The decision was made on Tuesday in Seoul by the Korean Football Association, according to reports reaching here.

Kim Wu-Chong, president of the Korean Football Association, was reported to say that South Korea stands a better chance if it seeks to host the quadrennial event together with the DPRK.

Kim quoted FIFA [International Federation of Football Associations] President Joao Havelange as saying that a unified Korea would take precedence over other bidders.

Conditions to host the World Cup finals set by the international football federation require bidders to prepare at least 12 stadiums each with at least 40,000 seats in no fewer than eight cities.

South Korea and DPRK have formed a joint team to compete in the 41st World Table Tennis Championships slated for April in Japan and another single squad to the World Youth Soccer Championship to be held in Portugal in July.

Japan, DPRK Continue Normalization Talks

OW1203123691 Beijing XINHUA in English
1111 GMT 12 Mar 91

[Text] Tokyo, March 12 (XINHUA)—Japan and the Democratic People’s Republic of Korea (DPRK) today continued their second round of talks aimed at normalizing relations between the two countries.

The second day of the two-day talks focused mainly on home visits by Japanese spouses in DPRK and improvement of the legal status of Korean residents in Japan, government sources said.

Both sides also discussed the problem of the accumulated debts of the DPRK to Japanese private sector companies, which are estimated at 80 billion yen (588 million U.S. dollars).

DPRK negotiators welcomed Japan’s offer to improve the legal status of Korean residents in Japan and abolish the policy of fingerprinting them.

DPRK Vice Foreign Minister Chon In-chol said the Japanese stance is "making progress."

Japan's chief negotiator Noboru Nakahira said that Japan is considering abolishing the fingerprinting requirement and replacing it with a new system for permanent foreign residents, mainly Koreans, the sources said.

On Japan's request to allow correspondence and visits to families by an estimated 1,600-1,800 Japanese women who accompanied their Korean husbands when they were repatriated to DPRK in the 1960s, Chon In-chol said that if the ongoing negotiations go smoothly, his country will consider it on a "case by case basis" even before diplomatic ties are established.

On the first day of the talks on Monday, Chon In-chol reiterated Pyongyang's insistence that Japan should pay compensation for its 1910-1945 colonial rule of the Korean peninsula and for the two countries' chilly postwar relations.

Compensation would give substance to Japan's apologies for the "unfortunate past," Chon stressed.

The DPRK delegation, which is the first ever from Pyongyang to visit Japan, will leave for home on Thursday

'Great Differences' Remain

SK1303035191 Beijing International Service
in Korean 1100 GMT 12 Mar 91

[Text] The second round of the official talks between the DPRK and Japan over normalizing their bilateral relations was held on 11 March in Tokyo.

The two sides are expected to discuss the basic issue of normalizing relations between their two countries and economic issues at the second round of talks.

According to news reports, although the two sides have staked out their basic positions on the issue of normalizing their relations at the first-day talks, there are still great differences in opinion.

The Japanese side stressed the lawfulness of the Japan-Korea treaty signed before the war, the DPRK side said that the treaty could not be recognized because it was instrumental in Japan's invasion of the Korean Peninsula.

The two side's talks will also continue today.

Southeast Asia & Pacific

Beijing Meeting on Cambodia Studies Japanese Plan
HK1303102891 Hong Kong AFP in English 1016 GMT
13 Mar 91

[Text] Beijing, March 13 (AFP)—Efforts to find peace in Cambodia picked up momentum here Wednesday with

the arrival of a senior Japanese diplomat to discuss a Tokyo initiative with leaders of the resistance.

Visiting Soviet Deputy Foreign Minister Igor Rogachev also met with China's chief negotiator on Cambodia, Assistant Foreign Minister Xu Dunxin, a Soviet Embassy spokesman said.

Tadashi Ikeda, a diplomat based in Bangkok, arrived late Tuesday to discuss with the resistance leaders a proposal that calls for an enhanced U.N. role in settling the 12-year-old conflict, a Japanese spokesman said.

Mr. Ikeda was also likely to meet Mr. Xu and would leave Saturday to return to the Thai capital, the spokesman said.

Leaders of the three factions of the Cambodian resistance, which is dominated by the Khmer Rouge, assembled here Tuesday to begin three days of closed-door talks on the civil war.

Tokyo recently announced proposals to supplement a U.N.-brokered Cambodian peace plan calling for the United Nations to administer the country until general elections are held.

Details of the Japanese measures have not been released.

The main obstacle to the U.N. plan is its proposal to disarm all warring factions, which the Phnom Penh government has opposed fearing a resurgence of the Chinese-backed Khmer Rouge.

Mr. Rogachev was expected to visit Phnom Penh to discuss peace prospects with leaders of the Vietnam-backed government there. The Soviet Union is allied to Vietnam.

Hanoi invaded Cambodia in 1978 to oust a Marxist Khmer Rouge regime held responsible for the deaths of hundreds of thousands of civilians during a near four-year genocidal rule.

The Khmer Rouge joined forces with two non-communist groups—one led by former monarch Prince Norodom Sihanouk and the other by ex-premier Son Sann—in an uncomfortable guerrilla alliance to resist Phnom Penh.

China and the United States are the main supporters of the Cambodian resistance.

Fiji President Receives New PRC Ambassador

OW1203140991 Beijing XINHUA in English
1310 GMT 12 Mar 91

[Text] Suva, March 12 (XINHUA)—President Penia Ganilau of the Republic of Fiji today congratulated China for its noticeable diplomacy in 1990.

President Ganilau praised China for not only upholding its policy of reform and opening up its doors to the outside world, but also retaining its independent foreign policy of peace.

The president made the comments when he was accepting the credentials of new Chinese Ambassador to Fiji Hua Junduo at the presidential palace.

President Ganilau said since the establishment of diplomatic relations between Fiji and China in 1975, "our two countries and peoples have continued enjoying friendly relations and understanding."

President Ganilau expressed his sincere thanks to the Chinese Government for the support it has given to Fiji over the years, saying that this act of friendship has developed with assistance from China in the trade, technological and economic fields, which have contributed to the improvement of Fiji's national economy and upgrading of the standard of living of the Fijian people.

The president also said he was looking forward to his forthcoming visit to China next month and hoped to learn from and share China's experience for the betterment of Fiji and its people.

Hua Junduo conveyed Chinese President Yang Shangkun's greetings to President Ganilau, and said the Chinese people are warmly looking forward to his forthcoming visit to China.

Ganilau expressed his thanks for President Yang's greetings and asked the ambassador to convey his kind greetings to President Yang.

Consular Treaty With Laos Ratified

BK0903013891 Vientiane Domestic Service in Lao
1200 GMT 8 Mar 91

[Text] This morning, Deputy Foreign Minister Thongloun Sisoulit and Liang Feng, PRC ambassador extraordinary and plenipotentiary to Laos, signed a note affirming the exchange of ratification documents for the Consular Treaty between the Lao People's Democratic Republic [LPDR] and the PRC. The treaty between the two governments was signed in Beijing on 8 October 1989 and was ratified by the acting LPDR president on 18 January 1991 and by the PRC president on 28 June 1990.

This consular treaty becomes effective on 6 April 1991, 30 days after the signing of the note affirming the exchange of ratification documents.

Near East & South Asia

Ding Henggao Meets Iranian Defense Minister
LD1303045191 Tehran IRIB Television Network
in Persian 1600 GMT 12 Mar 91

[Text] Ding Henggao, chairman of the National Defense Science, Technology, and Industry Commission, who arrived in Tehran this morning at the head of a delegation, today held his first round of talks with Minister of Defense and Armed Forces Logistics Akbar Torkan. In this round of talks, he said: We believe that the Persian Gulf issues must be resolved by regional states.

In the talks, Mr. Torkan elaborated on the dimensions of the Persian Gulf war and their adverse effects on the regional people, particularly the Iraqi nation, and stressed the earliest possible withdrawal of foreign forces from the Persian Gulf region.

Cultural Exchange Program With India Signed

OW1203133191 Beijing XINHUA in English
1244 GMT 12 Mar 91

[Text] New Delhi, March 12 (XINHUA)—China and India today signed another three-year executive program of a cultural agreement reached between the two countries in May 1988.

The program was signed here by Chinese Ambassador to India Tu Guowei and Secretary of Indian Department of Culture Bhaskar Ghose with the presence of visiting Chinese Minister of Culture He Jingzhi and Indian Minister for Human Resources and Development Rajmangal Pande.

The program covers the exchange activities from 1991 to 1993 on areas of culture and arts, education, social sciences, books and publications, information and mass media and sports.

Earlier today, Indian Prime Minister Chandra Shekhar told He Jingzhi that the agreement will give impetus to the cultural relations and cooperation between the two countries.

When meeting with a number of Indian cultural experts before the signing ceremony, He Jingzhi expressed satisfaction over the implementation of the previous executive program (1988-90) of the agreement, adding that the new program contains more exchange activities and cooperative projects in a wider scope.

The Chinese minister arrived here last Friday on a 12-day visit to India. He has already visited Khajiraho and Agra, two cities of historic interest, and is to tour Bombay and Calcutta.

Sub-Saharan Africa

Li Peng Holds Talks With Djibouti President
OW1203190191 Beijing XINHUA Domestic Service
in Chinese 1417 GMT 12 Mar 91

[Text] Beijing, 12 Mar (XINHUA)—Chinese Premier Li Peng stressed here today that a new international political and economic order must be based on the five principles of peaceful co-existence, the core of which is that all countries are equal, and that they should manage their own affairs.

Li made these remarks in talks at the Great Hall of the People here today with visiting President Hassan Gouled of Djibouti.

According to a spokesman for the Chinese Foreign Ministry, Li Peng said in the talks: "We hold that a new international political and economic order should be based on the five principles of peaceful coexistence, the core of which is that all countries—large or small, strong or weak, rich or poor—should be equal. The affairs of a country should be managed by its own people and no foreign country should be allowed to interfere."

President Gouled expressed his agreement with Li's view, saying that the five principles of peaceful coexistence tally with the U.N. Charter, and that the people of a country are solely responsible for handling the affairs of that country.

The host and guest discussed the international situation. Premier Li said: Although certain regional conflicts are about to be resolved owing to the relaxation of U.S.-Soviet relations, the world still is not peaceful and is beset with all sorts of contradictions. The Gulf war is an example.

President Gouled briefed Premier Li on the situation in the Horn of Africa and on Djibouti's efforts toward solving regional questions.

On bilateral relations, both President Gouled and Premier Li held that relations between the two countries are fine, and expressed their willingness to make efforts to further friendly relations and co-operation in the economic, cultural, and other areas.

Li informed the guest of China's domestic situation and of the basic content and principles of the Eighth Five-Year Plan (1991-1996), which will be tendered to the National People's Congress for examination and approval.

He stressed that China will continue to carry out the policies of reform and opening to the outside world, devote itself to the establishment of a socialist planned commodity economy, and properly integrate a planned economy with market regulation so as to provide full scope for their strengths.

He said that China's political situation is stable; there are some difficulties in its economy, but the situation is developing in a good direction.

President Gouled spoke highly of the achievements China has scored in its economic reforms.

Gouled invited Premier Li to visit Djibouti at his convenience and Li accepted the invitation with pleasure. The two sides agreed to set a specific date for the visit through diplomatic contacts.

Yang Shangkun Hosts Banquet

*OW1203125191 Beijing XINHUA in English
1159 GMT 12 Mar 91*

[Text] Beijing, March 12 (XINHUA)—Chinese President Yang Shangkun hosted a banquet at the Great Hall of the People here this evening in honor of President Hassan Gouled of Djibouti, who arrived here yesterday on an official goodwill visit to China

President Gouled's entourage also attended the banquet.

Present were Chinese Vice-Premier Wu Xueqian, Vice-Chairman of the National People's Congress Standing Committee Ni Zhifu and Foreign Minister Qian Qichen.

The banquet was permeated with a warm and friendly atmosphere.

Officials Continue Talks

*OW1303065091 Beijing XINHUA in English
0607 GMT 13 Mar 91*

[Text] Beijing, March 13 (XINHUA)—Chinese and Djibouti officials held talks on the development of the economic and technological cooperation between the two countries here this morning.

Officials from both countries yesterday exchanged views on a cultural agreement between the Chinese and Djibouti Governments.

East Europe

Albania Frees All Political Prisoners

*OW1303043991 Beijing XINHUA in English
0135 GMT 13 Mar 91*

[Text] Tirana, March 12 (XINHUA)—All political prisoners in Albania were given official pardons and released today, according to a report monitored from Albanian state television.

At the suggestion of the Albanian Interior and Justice Ministries, the Presidium of the Albanian People's Assembly decided to free all political prisoners.

There are now no more people being held for their political beliefs or activity in the country's re-education camps and prisons, the television report said.

However, the report gave no figures on the number of people affected by this general amnesty.

Prior to this announcement, Albania had pardoned 393 political prisoners last year and in January of this year.

Political & Social

Li Peng Calls for Reform of Organizations

OW1303134791 Beijing XINHUA in English
1331 GMT 13 Mar 91

[Text] Beijing, March 13 (XINHUA)—Premier Li Peng said here today that, in terms of economic management, the reform of government organizations should be directed to catering for the integration of planned economy and market regulation, governmental and business functions should be separated, and government organizations be streamlined.

Li was addressing representatives of the ongoing national conference on personnel management, here at Zhongnanhai, seat of the central government, today.

In his speech Li stressed the significance of the reform of government organizations. He said that the major task facing the reform of local government organizations is to carry out experiments at different levels, while the organizations under the State Council should remain comparatively stable. The key point is to improve efficiency, he said.

Li stated that the reform of the wage system should be carried on in relation with the reform of government organizations. Egalitarianism should be eliminated and practical efforts be made to encourage experts, scholars and scientific and technological personnel who have made prominent contributions.

Li pointed out that the establishment of a new civil service system should be suited to the present conditions of China, and the selection and promotion of government officials should be based on their practical working abilities.

Premier Li said he hoped that all the personnel officials would strengthen their party spirit and stick to government principles to further promote the state's personnel work.

Wang Juntao Court Verdict Published

HK1203100191 Hong Kong CHING PAO in Chinese
No 164, 10 Mar 91 pp 60-61

[Report: "Court Verdict by Beijing Municipal Intermediate Court on Wang Juntao"]

[Text]

(1991) Intermediate People's Court Document No. 293

Public Procurators: Zhao Shiru and Jiang Yu, deputy procurators of the Beijing People's Procuratorate Branch Court.

Defendant: Wang Juntao, male, 32 years of age, a native of Henan Province's Gong County. He was once vice general editor of JINGJI XUE ZHOUBAO. His place of residence is No.2, Apartment B, 83A Fuxing Road, Haiding District, Beijing Municipality. He was arrested

on 24 November 1990 for plotting to subvert the government, spreading counterrevolutionary propaganda, and carrying out instigation. He is now being kept in custody.

Advocates: Zhang Sizhi, lawyer of the Fifth Lawyers' Office in Beijing Municipality, and Sun Yachen, lawyer of the Third Lawyers' Office in Luoyang City.

On 2 February, the Branch Procuratorate of the Beijing Municipality People's Procuratorate filed with this court a public prosecution against defendant Wang Juntao on charges of plotting to subvert the government, spreading counterrevolutionary propaganda, and carrying out instigation. This court formed a collegiate panel in accordance with law and, on 12 February 1991, began a public trial of the case in a court of law. The collegiate panel listened to the statement made by the public procurators in support of the public prosecution; interrogated the defendant and listened to his statement, defense, and closing statement; listened to the opinion on the defense given by the advocates; verified the proof directly relevant to this case; and established the following facts:

In the late spring and early summer of 1989, serious turmoil and counterrevolutionary rebellion, aimed at subverting the government and the socialist system, broke out in Beijing. During this period, defendant Wang Juntao and Chen Zimin (whose case is being handled separately) conspired and gathered together Liu Gang, Chen Xiaoping, (whose cases are also being handled separately) and others for a series of organized, planned, and premeditated plots to subvert the government, to spread counterrevolutionary propaganda, and to carry out instigation.

On 23 April 1989, Wang Juntao attended a meeting known as "An Appraisal of the Past 10 Years and of the Present Situation" in the Beijing Socioeconomic Science Research Institute called by Chen Ziming. At the meeting, Chen Zimin stated: The "duty of the times" for the intellectual strata at present is to "expedite completion of the organization of intellectual circles" and "create a new guiding force for the people." Wang Juntao held: Now, the "government does not have a social basis for keeping crises under control and now there is no basis to support the government." "Chinese leaders are changing at this moment. The political old men who can stabilize the situation will have departed in several years." This is "the time with every opportunity." Wang Juntao stated clearly: "After several dozen years of peaceful competition, socialism has been proven to be inferior to others." China "is at a time of making a choice of new civilizations. The old pattern, which has been proven to be outdated, does not work." "The basic pattern of all Chinese civilization should be reformed and the basic orientation of reform is the return to mainstream civilization."

On 13 May, students from some universities and colleges in Beijing went on a hunger strike in Tiananmen Square.

On 15 May, at a symposium known as the "Reform in the Political Structure and Workers' Unions" called by the editorial department of ZHONGGUO GONGYUN [Workers' Movement in China], Wang Juntao created public opinion for plots to subvert the government. He said: "One view seems to hold that people taking to the streets is a violent action. It is not a violent action at all. So long as people do not use guns or cannon... I think their action is not violent. It is acceptable even if it is directed by a political party."

On 17 May, at the Jimen Hotel, Wang Juntao and Chen Ziming secretly planned to unite "all circles" for the founding of an illegal organization. On 18 May, Wang Juntao and Chen Ziming gathered together more than 20 so-called elite from "all circles" for a meeting in Jimen Hotel and made further plans for founding an illegal organization. At the meeting, Chen Ziming put forward a subversive strategy by which "the elite will influence students with their speeches and the students will influence people all over the country with theirs" and they "are to move influence from the back to the front of the stage." Wang Juntao said: "The confrontation between students and the government in Tiananmen Square is very uncertain and will probably disappoint everyone." "The best thing to do is to set up a consultation committee that sides with the students" to "influence the process." At the meeting, with Wang Juntao's approval, Bao Zunxin (whose case is being handled separately) read the counterrevolutionary leaflet "Manifesto of 17 May" prepared by Yan Jiaqi and asked those present at the meeting to sign their names. The manifesto slandered the government by saying that it has "lost the human touch" and "is a government under a dictator." It also claimed that the turmoil "is the last great patriotic movement to bury dictatorship and monarchy." In this way, they slandered and secretly plotted to overthrow the party and state leaders. On 19 May, Wang Juntao and Chen Ziming gathered together Liu Gang, Chen Xiaoping, and others for a meeting. With Chen Ziming acting as president at the meeting, they held a discussion on founding an illegal organization and they also joined in preparing the counterrevolutionary leaflet "A Letter to the People." The leaflet rumored that "martial law is very near and the darkness following the crackdown on 5 April in 1976 will come again." It incited the masses, "namely students, workers, teachers, and shopkeepers, to begin strikes of all kinds across the country" and demanded that "the Standing Committee of the National People's Congress [NPC] be immediately convened" to dismiss the government's premier. On the morning of 21 May, Wang Juntao and Liu Gang distributed nearly 1,000 copies of "A Letter to the People" in Tiananmen Square.

On 20 May, the State Council promulgated a decree imposing a curfew in some parts of Beijing. From the night of 20 May to the early morning of 21 May, Wang Juntao gathered together Liu Gang and others and traveled along Erhuan Road and Sanhuan Road in cars to observe how the people were stopping the law enforcement troops. Later, on the night of 22 May, Wang Juntao

and Chen Ziming went to the Monument of People's Heroes in Tiananmen Square, gathered together leaders of various illegal organizations and called a preparatory meeting to discuss uniting "all circles" to found an illegal organization. On 23 May, Wang Juntao and Chen Ziming gathered together more than 30 so-called elite and leaders of various illegal organizations, including the "Tiananmen Square Command Post," the "Autonomous Union of College Students in Beijing," the "Autonomous Union of Workers in Beijing," the "Autonomous Union of Residents in Beijing," and the "Beijing Resident Dare-to-Die Corps," for a meeting in the Research Institute of Marxism-Leninism-Mao Zedong Thought of the Chinese Academy of Social Sciences [CASS], at which they founded an illegal organization the "Patriotic and Constitution-Upholding Joint Conference of All Circles in the Capital" (called the "Constitution-Upholding Conference" below). The meeting decided to change the name the "Tiananmen Square Command Post" to the "Protect-Tiananmen-Square Command Post," and chose the "chief commander at the Command Post" and responsible persons for the "Staff Section," "Liaison Section," "Propaganda Section," and "Pickets' Headquarters." Zhang Lun (who is now a fugitive), after assuming the position of "chief of the pickets' headquarters," immediately gathered together leaders of the "Students' Pickets," "Workers' Pickets," "Citizens' Pickets," and "Citizens' Dare-to-Die Corps" for a meeting to discuss sharing their jobs; worked out contact code names; and marked on a map of Beijing Municipality positions where law-enforcement troops could be found. After the meeting, they set up the "United Pickets' Command Post" in Tiananmen Square and equipped it with walkie-talkies and telescopes with a view to stopping the activities of law-enforcement troops. On 24 May, according to the decisions of the "Constitution-Upholding Conference," Wang Dan (whose case is being handled separately), acting according to procedures planned by Wang Juntao, called and presided over an oath-taking meeting in Tiananmen Square for setting up the "Protect-Tiananmen-Square Command Post." In this way, they continued to occupy Tiananmen Square illegally and defied enforcement of the curfew decree.

On 25 May, Wang Juntao participated in a meeting, held at the Research Institute of Marxism-Leninism-Mao Zedong Thought, called by the "Constitution-Upholding Conference," and joined in planning to incite the masses to carry out conspiratorial activities such as placing roadblocks, stopping the advance of military vehicles, and taking to the streets. The next day, a dozen or so illegal organizations including the "Constitution-Upholding Conference" published and distributed the leaflet "An Urgent Appeal" to incite the masses to stop the advance of law-enforcement troops and to "hold a massive march against the curfew decree."

On 27 May, Wang Juntao called a meeting of the "Constitution-Upholding Conference" in the CASS Political Science Institute, to plan and work out the "10

Declarations Regarding the Current Political Situation by the Joint Conference of All Circles in the Capital." The "Declarations" slandered the curfew decree promulgated by the State Council as a "fascist, threatening means to destroy democracy and the legal system." It incited the masses to demand that an "urgent meeting of the NPC be called" to discuss the dismissal of the government's premier. At the news briefing that night, Wang Dan read the "Declarations."

From the end of May to early June, Wang Juntao continued to use the "Constitution-Upholding Conference" to appoint the so-called "people's spokesman" and to establish the "National Students' Union" for the so-called "Campus Democratic Movement."

They worked out plans and arranged to "rescue" the criminal Yi Jingyao and supported Liu Xiaobo (whose case is being handled separately) and three other persons in carrying out conspiratorial activities, such as the hunger strike in Tiananmen Square.

From the end of May to early June, Wang Juntao, Chen Ziming, and others plotted secretly to establish hiding places, discussed and fixed a list of persons who were to withdraw, forged workers' identification cards, and arranged to help key persons flee elsewhere. On 6 June, Wang Juntao succeeded in leaving Beijing and on 20 October, he was arrested.

The above facts are supported by witnesses, verbal evidence, written evidence, and tapes. The facts are clear and the evidence is sure and sufficient to establish the facts.

This court holds that during the serious turmoil in Beijing in 1989, the defendant Wang Juntao conspired with Chen Zimin to create counterrevolutionary public opinion and found an illegal organization, the "Constitution-Upholding Conference, and to plan, incite, organize, and command various illegal organizations to occupy Tiananmen Square, defying the enforcement of the curfew decree in an attempt to overthrow the people's government. Their acts constitute the crime of plotting to subvert the government and the crimes of spreading counterrevolutionary propaganda and carrying out instigation and, therefore, they should be punished according to the law. In order to uphold the political power of people's democratic dictatorship and the socialist system and crack down on the sabotage activities of counterrevolutionaries, and in view of the facts, character, and circumstances of the crimes and the degree of harm they have done to society, and in accordance with Article 92, Article 102, Article 52, and Article 64 of the "PRC Criminal Code," defendant Wang Juntao's judgment is as follows:

Defendant Wang Juntao is sentenced to 13 years imprisonment, and will be deprived of his political rights for having committed the crime of plotting to subvert the government, and is sentenced to two years imprisonment and will be deprived of his political rights for having committed the crime of spreading counterrevolutionary propaganda and carrying out instigation. It is

therefore decided that he will be sentenced to 13 years imprisonment (service begins from the date the sentence is executed. Before the sentence is executed the days of his detention will be counted toward the number of days of imprisonment. Therefore, his term of service will be from 20 October 1989 to 19 October 2002) and he will be deprived of his political rights for four years.

If the defendant does not agree with the verdict, he can lodge an appeal with the Beijing Higher People's Court by submitting a written appeal and copies to this court within 10 days beginning from the day following the day this verdict is received. [Signed] Chief Judge: Li Guoqiang

Judge: Zhen Kai

Acting Judge: Zhang Xianxu

Secretary: Wang Yisheng

[Dated] 12 February 1991

Symposium on Tibet Draws Attention in Beijing

OW1103161791 Beijing XINHUA in English
1329 GMT 11 Mar 91

[Text] Beijing, March 11 (XINHUA)—A group of over 40 scholars and experts gathered in Beijing today to discuss one of the major issues concerning Tibetology—the feudal serfdom in Tibet.

Speaking at the symposium's opening session, Doje Cedain, the director of the Research Center of Tibetology of China, said that years of hard work and scientific research conducted by scholars and experts on feudal serfdom in Tibet have proven that the pre-1959 Tibetan society was a feudal serfdom in which the over a million Tibetan serfs suffered from exploitation and suppression, and were denied even basic freedom and human rights.

Doje said that some people with ulterior motives who live outside China have spread many false rumors about Tibet.

One of their rumors, according to Doje, is that the old Tibet was a beautiful and peaceful land.

Doje said that since 1959, when democratic reform was carried out in Tibet, the many scholars and professors who have been engaged in studies of feudal serfdom in Tibet have collected volumes of information on the issue.

Academic research on the issue began in 1987 as one of the country's major social scientific research projects during the Seventh Five-Year Plan period (1986-1990). The research was co-sponsored by the Chinese Academy of Social Sciences, China's Research Center of Tibetology and the Tibetan Academy of Social Sciences.

Research on feudal serfdom will be fully discussed during the five-day symposium, after which the research results will be published by China's Research Center of Tibetology.

Beijing Press Conference on Tibetan Issues**Ngapoi Ngawang Jigme Speaks**

OW1203135491 Beijing XINHUA in English
1316 GMT 12 Mar 91

[Text] Beijing, March 12 (XINHUA)—Tremendous achievements and fundamental changes have been made in the Tibet Autonomous Region since the peaceful liberation of Tibet 40 years ago, a veteran Tibetan statesman said here today.

Ngapoi Ngawang Jigme, vice-chairman of the Standing Committee of the National People's Congress, was speaking to Chinese and foreign reporters at a press conference in the Great Hall of the People.

In response to questions from the journalists, the 80-year-old Tibetan leader said that over the past four decades Tibet has accomplished democratic reform, overthrown the feudal serfdom system, practised regional autonomy and established the system of people's congresses at all levels.

"More than 95 percent of deputies to the congresses are former serfs, workers and intellectuals, who had no political rights before the peaceful liberation in 1951," he said.

Noting that traditional Tibetan handicrafts were the only industry in Tibet in the past, he said that more than 260 medium- and small-sized modern industrial enterprises have been set up in the autonomous region, covering electric power, building materials, food processing and textiles.

The annual grain output in Tibet was 550 million kg in 1990, up from 150 million kg in the late 1950s, while the number of livestock doubled to 2.88 million head during the same period, he said.

Meanwhile, he said, great developments have also been made in traditional Tibetan culture, and Tibetan medicine in particular. A number of hospitals and sections specializing in Tibetan medical treatment have sprung up with the expansion of the contingent of Tibetan medical workers, he added.

To the great satisfaction of Tibetan peasants and herdsmen, he said, the government has imposed no taxes on them over the past decade and more.

"More than 95 percent of the former Tibetan serfs are now living a stable life," he added.

1951 Pact Not 'Imposed'

OW1203154391 Beijing XINHUA in English
1517 GMT 12 Mar 91

[Text] Beijing, March 12 (XINHUA)—The agreement on the peaceful liberation of Tibet, which was signed between the central government and the Tibetan local government in 1951, reflected the fundamental interests

and aspiration of the Tibetan people and enjoyed support from Tibetan patriots and other Tibetan people, said a veteran Tibetan statesman here today.

Ngapoi Ngawang Jigme, vice-chairman of the Standing Committee of the National People's Congress, also said that it is "nonsense" to claim that the agreement was imposed on the Tibetan local government by the central government.

The 80-year-old vice-chairman, who was chief plenipotentiary representative of the former Tibetan local government at the agreement negotiations, made these remarks in response to questions from journalists at a press conference in the Great Hall of the People here today.

He said it was the Dalai Lama who personally appointed all the five representatives of the former Tibetan local government for negotiations with the central government and approved the agreement. On October 24, 1951, he said, the Dalai Lama sent a telegram to Chairman Mao Zedong to confirm his backing for the 17-article agreement.

The negotiations proceeded in a friendly atmosphere, although differences of opinion had occurred on some issues, he said, adding that agreements were reached on all questions about the peaceful liberation of Tibet through honest and frank discussions.

He said he returned to Tibet and reported to a full session attended by all local officials on the negotiations and the agreement in September 1951. "The officials all voiced their support for the agreement on the basis of discussions," he said.

Noting that the Dalai Lama had the authority to turn down the agreement, the vice chairman said that the Dalai Lama had actually approved the agreement.

In his telegram to Chairman Mao, the Dalai Lama said the Tibetan local government and local monks and other Tibetans unanimously supported the agreement and pledged to actively assist the People's Liberation Army stationed in Tibet to consolidate the national defense, drive imperialist forces out of Tibet and safeguard the integrity of the territory and sovereignty of the motherland.

The vice-chairman described as a "pure fabrication" the allegation that the agreement bears false seals. He said representatives of the central government and the Tibetan local government all had special seals carved, which are kept together with the original copy of the agreement.

Search for Reincarnated Lama

OW1203143491 Beijing XINHUA in English
1407 GMT 12 Mar 91

[Text] Beijing, March 12 (XINHUA)—The search for the reincarnation of the tenth Panchen Lama is going on under the leadership of the administrators of the Zhaxi Lhunbo Lamasery in Xigaze, in the Tibet Autonomous Region, a senior Chinese leader told a press conference here today.

Responding to a question from a Japanese reporter, Ngapoi Ngawang Jigme, vice-chairman of the National People's Congress Standing Committee, said that a set of strict rules have been drawn up for finding the reincarnation since the fourth Panchen Lama.

In line with the old practice, Ngapoi said, searchers will be sent across China to find the reincarnated boy.

As for the scope for the search, Ngapoi said, it must be within the country.

The tenth Panchen Lama, Erdini Qoigyi Gyaincain, passed away on January 28, 1989 in his newly-built palace in Xigaze.

Spring Afforestation Drive Gets Underway

Deng, Jiang Write Inscriptions

OW1103154891 Beijing XINHUA Domestic Service
in Chinese 0933 GMT 11 Mar 91

[Text] Beijing, 11 Mar (XINHUA)—The 10th anniversary of the all-people obligatory tree-planting campaign falls in this year. Comrades Jiang Zemin and Deng Xiaoping wrote inscriptions for the 10th anniversary of the all-people obligatory tree-planting campaign and a national meeting on commanding and mobilizing tree planters.

Comrade Jiang Zemin's inscription reads: "Mobilize the whole party and all the people to plant trees and make the country green."

Comrade Deng Xiaoping's inscription reads: "Make the country green to benefit future generations."

Leaders Attend Commendation Meeting

OW1303054891 Beijing XINHUA Domestic Service
in Chinese 1157 GMT 12 Mar 91

[By reporter Zou Aiguo (6760 1947 0948)]

[Text] Beijing, 12 Mar (XINHUA)—A national commendation and mobilization meeting on tree planting and afforestation was held at the Great Hall of the People this afternoon. In his speech, State Council Premier Li Peng said: People across the nation should mobilize themselves further, and with the greatest patriotic zeal, each of them should pitch in to plant trees every year, foster the spirit of the Foolish Old Man who removed the mountain, and resolutely and unremittingly promote more thorough and solid afforestation in current undertakings to benefit future generations.

Comrades Li Peng, Wan Li, Tian Jiyun, Yang Baibing, Duan Junyi, Chen Xitong, Chen Junsheng, Wang Renzhong, and Hong Xuezhi attended the commendation and mobilization meeting. They had a group photo taken with representatives of advanced units and model workers who were commended to mark the occasion.

The commendation and mobilization meeting was chaired by State Council Vice Premier Tian Jiyun. He

said: To commend the Guangdong Provincial party committee and people's government for their outstanding achievements in leading people throughout the province in afforestation and greening work, and for being the first in the country to achieve the goal of afforesting barren hills, the CPC Central Committee and the State Council decided to award Guangdong Province the honorary title "The Nation's No. 1 Province in the Afforestation and Greening of Barren Hills."

Amid lively music and warm applause, Premier Li Peng awarded a medal to Guangdong Province Vice Governor Ling Botang to commend his province as "the Nation's No. 1 Province in the Afforestation and Greening of Barren Hills." At the meeting, Minister of Forestry Gao Dezhuan read aloud at the meeting decisions by the State Forest Fire Prevention Headquarters, the All-China Greening Committee, the Ministry of Forestry, and the Ministry of Personnel for today's commendation.

To commend Jilin Province for its outstanding results in forest protection and fire prevention, as well as its success in avoiding major forest fires for 10 consecutive years, the State Forest Fire Prevention Headquarters and the Ministry of Forestry decided to award Jilin Province the honorary title "Advanced Province in Forest Fire Prevention."

The All-China Greening Committee and the Ministry of Forestry decided to award Fujian Province the honorary title "Advanced Province in Forestry Construction" for excellence in the great undertakings of tree planting, afforestation, and greening of the motherland as well as forestry construction; Hunan and Anhui Provinces the honorary title "Advanced Province in Afforestation and Greening;" Shanxi and Henan Provinces the honorary title "Advanced Province in Greening Plains;" Beijing Municipality the honorary title "Advanced Municipality in Greening Plains and Afforesting Cities;" Liaoning Province the honorary title "Advanced Province in the Sanbei Shelterbelt Construction and City Afforestation;" the Inner Mongolia Autonomous Region the honorary title "Advanced Autonomous Region in the Sanbei Shelterbelt Construction;" Shandong Province the honorary title "Advanced Province in City Afforestation and Greening;" and the Beijing Military Region the honorary title "Advanced Military Region in Afforestation and Greening."

To commend the advanced as well as to promote more extensive and in-depth progress in the all-people voluntary tree-planting campaign and the afforestation and greening undertakings, the All-China Greening Committee, the Ministry of Forestry, and the Ministry of Personnel decided to designate 524 units in the Dongcheng District in the Beijing Municipality, as national advanced units in afforestation, and 271 comrades, including Zhao Guiqin, as national model workers in afforestation and greening.

Comrades Li Peng, Wan Li, and Tian Jiyun awarded medals and prizes to the commended representatives of advanced localities and units and model workers.

In his speech, Li Peng extended warmest congratulations on behalf of the party central committee and the State Council to advanced localities and units and model workers as well as cordial greetings to the vast numbers of workers and staff members on the nationwide forestry front, the vast numbers of cadres who contributed to the afforestation and greening of the motherland, and the broad ranks of officers and men of the People's Liberation Army. He expressed the hope that everyone will make persistent efforts and continue to spread the spirit of waging hard battles to make new contributions to tree planting and afforestation.

Attending the commendation and mobilization meeting were members of the All-China Greening Committee; representatives of advanced units and model workers commended for afforestation and responsible comrades from greening committees and forestry departments and bureaus from various provinces, autonomous regions, municipalities directly under the Central Government, and cities with province-level economic decision-making power; and responsible comrades from relevant departments of central or state organs.

Li Peng Addresses Meeting

OW1303024891 Beijing XINHUA Domestic Service
in Chinese 1150 GMT 12 Mar 91

[“Premier Li Peng’s Speech at National Afforestation Commendation and Mobilization Meeting on 12 March 1991”—XINHUA headline]

[Text] Beijing, 12 Mar (XINHUA)—Comrades: This year is the 10th anniversary of the launching of the national afforestation campaign, and today is Arbor Day. The convocation of this meeting—the National Afforestation Commendation and Mobilization Meeting—in this meaningful day fully demonstrates the great importance which the party and the state have attached to our motherland’s afforestation, and their determination to expedite this endeavor.

To be commended at this meeting today are Guangdong, which has won the honorable title of “the nation’s best province in afforesting barren hills;” Jilin Province, which has achieved exceptional success in preventing forest fires; and Fujian, Hunan, Anhui, Shanxi, Henan, Beijing, Liaoning, Inner Mongolia, Shandong, and Beijing Military Region of the Chinese People’s Liberation Army [PLA], which have achieved remarkable successes in developing forestry; as well as 524 units and 271 workers having distinguished themselves in afforestation. I would like to represent the CPC Central Committee and the State Council in extending warm congratulations to all advanced regions, units, and model workers to be commended at this meeting; and also extending cordial regards to all forestry workers in the country and all cadres, masses, and PLA officers and men who have contributed to our motherland’s afforestation. I hope you will keep up the good work, continue

to display the spirit of arduous struggle, and make new contributions to afforestation.

Forestry is an important part of the national economy. It is also a type of production and a public service. While it is a part of agriculture, it is also a fundamental industry yielding raw and semifinished materials. Forests, which constitute the principal segment of the ecology essential for steady and high agricultural output, have economic, ecological, and social benefits. Greening our motherland through afforestation is a major decision of the state.

The CPC and the government always attach great importance to forestry. Since the Third Plenum of the 11th CPC Central Committee, in particular, the state has drawn up a whole set of policies, laws, and regulations to protect and develop forestry. The nationwide afforestation campaign which Comrade Deng Xiaoping initiated has stimulated great enthusiasm in the vast number of cadres and masses in all regions and departments and on the forestry front. The afforestation campaign has achieved remarkable results, and enormous success has been achieved in greening the country. Wooded areas are steadily expanding, the quality is improving, the percentage of forest cover has begun to increase, and urban and rural areas have taken on a new outlook with more wooded areas. Significant progress has been made in many key afforestation projects, such as the development of shelterbelts in north, northwest, and northeast China; along the middle and upper reaches of the Chang Jiang, and the coast; and the projects of afforesting some plains and Mount Taixingshan. The success of nationwide afforestation has been remarkable. More than 10 billion trees have been planted over the 10-year period. Forestry has played a significant role in promoting China economic development, improving its ecology, and expediting its socialist material and spiritual construction. China, which has conserved 460 million mu of artificially wooded areas, now tops all other countries in the world in this regard. Our gigantic afforestation drives have also contributed substantially to mankind.

While we are aware of our achievements, we also must soberly realize that the percentage of forest cover in China remains low, many barren hills and areas suitable for afforestation have yet to be afforested, the trend of deteriorating ecology has yet to be averted, urban residents still do not have enough wooded areas, the forestry resources in some regions are dwindling, and forestry businesses are encountering many difficulties. This shows that the mission of afforesting our motherland remains highly formidable.

The next 10 years will be a decade crucial for forestry development as well as for achieving the second strategic objective of modernization. It has been pointed out clearly in a proposal of the Seventh Plenum of the 13th Central Committee on the 10-Year Program and the Eighth Five-Year Plan that great efforts should be made to intensify forestry development; actively proceed with afforestation;

upgrade the standards for afforestation; intensify the development of fast-growing and productive timber forests, shelterbelts, economic forests, and fuel forests; and improve the ecology. Guided by the spirit of the seventh plenum, people throughout the country should examine their tree-planting experiences during the past decade; emulate the advanced regions, units, and model workers who have been commended; and continue to mobilize themselves. Displaying a high degree of patriotism and the kind of fortitude peculiar to the foolish old man who tried to remove mountains, each and every one of us should plant some trees every year so that this endeavor which benefit people of this generation and the generations to come will proceed even more firmly.

We should broadly and thoroughly educate the public on the significance of afforestation so that afforesting our motherland will become an awareness shared by the vast public and so that the vast number of cadres and people will take part voluntarily in this great cause with an even higher sense of responsibility and urgency. All regions, departments, units, and mass organizations, as well as the PLA, must proceed from reality and contribute to our motherland's afforestation by making positive efforts to accomplish their afforestation obligations.

The afforestation campaign should take the national situation into consideration and proceed with the spirit of self-reliance and arduous struggle. While the state will provide some subsidies, the project should be undertaken primarily with the masses' labor service. Afforestation funds should be raised through all channels. State and local authorities alike should earmark larger budgets for forestry and create more favorable conditions for afforestation.

To bring about even faster afforestation development in the next decade, we must count on the progress achieved in science and technology. The most important requirement today is to make active efforts in disseminating the type of forestry science and technology that has been proven to yield noticeable results. Special attention should be given to disseminating practical forestry technology and applying new technology. We also should establish sound services of disseminating forestry technology, give full scope to the roles played by scientists and technicians, and make efforts to upgrade the overall quality of afforestation.

Forestry production takes a long time. Afforestation is only the first step of forestry development. It takes a long time and a lot of hard work before newly planted trees can grow up and yield results. The key requirement is to manage and protect wooded areas in a scientific manner so that trees can grow bigger and taller. This is why we say we should "devote three parts of our efforts to planting trees, but seven parts of our efforts to managing them." We must manage wooded areas by laws, and firmly enforce the "Forest Law" and all other forestry laws and regulations. In recent years, governments and forestry departments at all levels have intensified their efforts in preventing forest fires, controlling insect pests in forests, and thwarting unauthorized and abusive logging; and they have achieved significant success in these areas. They should make unremitting efforts to improve the

preventive system so that our woodlands can be better protected, the frequency of forest fires will continue to decline, and insect-infested areas will continue to shrink. We must carry out resolute struggles against all lawless acts of destroying woodlands and abusive logging.

Good leadership and earnestness are key to successful afforestation. The remarkable success that Guangdong has achieved in afforesting its barren hills can be attributed to its principal leaders' initiative and genuine and earnest efforts in leading the campaign. All party committees and people's governments should place afforestation on their agendas of important affairs.

Comrades, the work of afforesting our motherland requires concerted efforts from people throughout the country. As Comrade Deng Xiaoping pointed out, people of all generations should uphold this cause. To keep pace with the needs of economic development and ecological development, and to contribute to accomplishing the second strategic objective of modernization, we should rely upon their own efforts, carry out hard struggles, push afforestation to an even higher level, and upgrade forestry production and development to a new stage.

Jiang Zemin Comments in Hunan

OW1203143191 Beijing XINHUA Domestic Service
in Chinese 0832 GMT 12 Mar 91

[Text] Changsha, 12 Mar (XINHUA)—On the afternoon of 11 March, Jiang Zemin, general secretary of the CPC Central Committee and chairman of the Central Military Commission, who is on an inspection tour in Hunan Province, planted an orchid and a pine tree on the hillside to the right of the former residence of Comrade Mao Zedong in Shaoshan, in the company of local cadres.

In the course of tree-planting, Xiong Qingquan, Hunan provincial party committee secretary, informed Comrade Jiang Zemin that 39 percent of Hunan Province has been afforested. A total area of 5.63 million mu had been afforested last year, and a total of over 6 million mu will be afforested this year. Comrade Jiang Zemin nodded approvingly. He said: Although the total afforested area nationwide has increased in recent years, it still falls short of expectations. The Governor of Hunan Provincial People's Government Chen Bangzhu said: We are determined to wipe out the barren hills by afforestation, and expect to make the whole province green within 10 years.

Jiang Zemin said that the greening work in Hunan Province is not bad, but calls for further efforts. He said: Planting trees everywhere and making the country green can, first of all, prevent soil erosion; second, it can protect the ecological environment; and third, it can improve people's lives and the working environment. In short, it is a great matter that is bound to benefit future generations. He pointed out: This year is the 10th anniversary of the afforestation campaign initiated by Comrade Deng Xiaoping. The afforestation work throughout the country has made great progress in the past decade. He hoped that the whole party will be mobilized, and the entire nation will set to work so that they will

unremittingly and persistently do a down-to-earth job in afforestation, and make our socialist motherland even more prosperous, powerful, and magnificent.

Generals Participate in Planting

OW1203145991 Beijing XINHUA Domestic Service
in Chinese 0848 GMT 12 Mar 91

[By reporter Guo Diancheng (6753 3013 2052) and trainee Li Wenchao (2621 2428 6389)]

[Text] Beijing, 12 Mar (XINHUA)—Zhao Nanqi, He Qizong, Zhou Wenyuan, and 38 generals of the three General Headquarters of the People's Liberation Army (PLA) and the large army units stationed in Beijing, braved the spring snow this morning and planted trees at the Yuyuantan Park.

The tree-planting activity was originally scheduled for 0900. At a little past 0800, however, the generals had already arrived at the scene. General Zhang Zhen, 77 years old, looked upon the sign-up sheet as a workpoint book. While signing his name, he said: "If a work point is earned each year, I have already earned 10 work points as of this year." The general standing beside him shouted: "I earned more work points than you." Regarding planting of trees as their duty, these generals have taken the lead in voluntary tree-planting activities every year.

The generals were very serious about planting trees. Vice Admiral Zhang Lianzhong, commander of the navy, murmured to himself as he shoveled earth around a tree: "Plant a tree and make sure it survives." Lieutenant General Wang Chengbin, commander of the Beijing Military Region, even invited workers of the gardens and parks department to check on the quality of his work.

General Zhao Nanqi, chairman of the All-Army Greening Committee, told the reporters: During the "Eighth Five-Year" Plan period, the whole Army will be planting more trees around barracks while devoting more man power to help with tree-planting activities in the localities.

Leading comrades of the Beijing Municipal Government, People's Congress Standing Committee, and Committee of the Chinese People's Political Consultative Conference, and some 200 officers and men of the various PLA units joined the generals in planting trees.

Peng Zhen Participates

OW1303062191 Beijing XINHUA Domestic Service
in Chinese 0833 GMT 12 Mar 91

[By reporter Huang Guowen (7806 0948 2429)]

[Text] Hangzhou, 12 Mar (XINHUA)—Today is the 10th anniversary of Arbor Day on which every Chinese person is urged to plant trees voluntarily. Accompanied by Comrades Li Zemin and Xia Zhonglie, secretary and standing committee member of the Zhejiang Provincial CPC Committee,

Comrade Peng Zhen, who is now 88 years old, participated in tree-planting activities in Hangzhou.

At Xihu lakeside, where spring was very much in the air, Comrade Peng Zhen and his six-year-old grandson used a shovel to plant a camphor tree and a sweet-scented osmanthus tree—the tree and flower of Hangzhou City.

While planting the trees, Comrade Peng Zhen said to Comrade Li Zemin and the masses who were planting trees beside him: "I wish you success in achieving the objective of eliminating barren mountains in five years and afforesting Zhejiang in 10 years. Afforesting the motherland and transforming nature is an important historical task of ours. Everyone of us, men and women, old and young, must plant as many trees as possible from generation to generation, so long as he or she can work."

Editorial Praises Women's Contributions

OW0703174591 Beijing XINHUA in English
1417 GMT 7 Mar 91

[Text] Beijing, March 7 (XINHUA)—The "PEOPLE'S DAILY" calls on Chinese women to be self-respecting, self-confident and independent, and make new contributions to China's economic rejuvenation and social progress in the 1990s.

In an editorial to be published tomorrow, the 81st anniversary of International Women's Day, the paper praises Chinese women for their diligent work and contributions to China's political stability, economic development and improvement of socialist ethics and morale over the past year.

Thirteen organizations, headed by the All-China Women's Federation, have launched a mass campaign to promote culture and technical skills in the rural areas of the country over the past few years, in a bid to arouse women's enthusiasm and boost rural economic development, the editorial says.

It urges Chinese women, who make up half of China's total population, to improve themselves and have lofty ideals, morals, cultural knowledge and discipline in this era which is one of severe competition.

Women Entrepreneurs Urge Further Contributions

OW0903161991 Beijing XINHUA in English
1145 GMT 9 Mar 91

[Text] Beijing, March 9 (XINHUA)—A proposal initiated by dozens of women entrepreneurs here today urged all women entrepreneurs in the country to take the lead in deepening enterprise reform and contributing to the Ten-Year Plan and the Eighth Five-Year Plan for social and economic development.

The proposal, adopted at a meeting to mark "March 8th" International Women's Day, also called on the women entrepreneurs to lead workers in readjusting the product structure, promoting technical renovations,

improving product quality, and developing new products for the markets in order to improve the economic efficiency of their enterprises.

The women entrepreneurs were also asked to improve the political and cultural quality of workers so as to make fresh contributions to the country's social stability and development.

Outstanding women factory directors and managers from Beijing and various provinces and cities attended the meeting and shared their experiences in enhancing enterprise management and upgrading product quality.

Today's meeting was sponsored by the women entrepreneurs association attached to the China Enterprise Management Association.

Justice Minister on Law Knowledge Campaign

OW1303150791 Beijing Central Television Program
One Network in Mandarin 1100 GMT 12 Mar 91

[From the "National News Hookup" program]

[Text] The CPC Propaganda Department and the Ministry of Justice held a meeting today to arrange for the implementation of the second five-year plan for promoting propaganda and education of the legal system among citizens. Minister of Justice Cai Cheng pointed out: This is the first year in the implementation of the second five-year plan for promoting knowledge of the law, a year of crucial importance. All departments should extensively launch large-scale propaganda and mobilization drives to implement the second five-year plan for promoting knowledge of the law to create a strong and massive impact and a favorable public opinion. At the same time all localities, departments, and systems should do a good job in drawing up their own second five-year plan for promoting knowledge of the law. Leading departments at all levels should help provide manpower, materials, and funds needed for implementing the second five-year plan to provide a material base for completing this grand social education project.

Revamp of White Collar Workers' Policy Planned

HK1203040391 Beijing CHINA DAILY in English
12 Mar 91 p 1

[By staff reporter Li Hong]

[Text] The government is planning to reshape China's decades-old low-wage but guaranteed-job policy in all public institutions, as a prelude to introducing a new national civil service system, China Daily was told yesterday.

Top personnel official Zhao Dongwan told the ongoing national conference on personnel management yesterday in Beijing that a new pay programme for government and institutional staff, drafted by the Ministry of personnel over the past two years, will soon be sent to the central government for approval.

The new draft considers such factors as the worker's ability, responsibility, administrative post or professional qualifications, and contributions to the workunit as indispensable in setting his or her pay.

Zhao said that the new policy, if adopted, would mean a marked increase in pay for China's "white collars," who are usually low-paid.

The country's economic reform centering on contracting State-owned enterprises since late 1970s has given a major boost to workers' payments. But the low pay of institutional staff has been fixed for years. The apparent pay discrepancy drives the "white collars" out of government and institutional jobs.

"This has affected the stability of institutional working teams," the minister said.

He pointed out that the new draft would give special allowances to different professions, such as extra-curricular allowance, medical allowance and scientific and technological allowance.

In addition to the pay reform, Zhao told about 200 provincial personnel officials that the government has decided to expand the trial run of a new civil service system in six ministries and commissions under the State Council, and in two local cities, Harbin and Shenzhen.

China's civil service system includes competitive and open examinations and recruitment, position classification, training, merit evaluation, promotion and demotion, salary and welfare treatment and avoidance and inter-regional exchange of officials.

It is said the planned move, which has been more spoken-of than enforced, aims at establishing "a clean and honest government with high quality and efficiency."

Sources from the Ministry of Personnel told reporters that 20 government ministries and institutions under the State Council will recruit staff through examinations this year, as the practice is considered a step towards a civil service system.

To date, more than 20,000 staff members have been employed this way by government organizations at both State and provincial levels, said the sources.

As for choosing managers and cadres of urban enterprises and rural townships which is one of the ministry's main tasks, Zhao said that the central government would continue to adopt the practice of signing contracts.

Making contracts with enterprise managers and rural township heads has helped the nation's reform to enliven industries and improve farming outputs. It is also seen as an alternative to the traditional life-long tenure of cadres, according to Zhao.

But the present problem, said Zhao, is to work out reasonable resolutions on pay, pension and other benefits of the contracted managers and township administrators, otherwise, public resentment of their high pay will linger.

Social Science Research Bodies To Be Activated

HK1103014491 Hong Kong SOUTH CHINA MORNING POST in English 11 Mar 91 p 10

[By Willy Wo-lap Lam]

[Text] The Chinese leadership has revived the idea of making government decision-making more scientific and democratic, a goal first raised in late 1986.

Beijing has recently set up a Steering Commission on Social Science and Technology, whose aim is to ensure that administrations of various levels have access to scientifically-based advice.

The commission will coordinate the activities of social science research institutes nationwide.

Latest statistics show there are more than 600,000 intellectuals working in 30,000 academic and consultancy units in areas including political science, economics, sociology and the information sciences.

Recently, the party General Secretary, Mr Jiang Zemin, conferred with the chairman of the Chinese Academy of Science, Mr Qian Xuesen, on how to make more scientific and democratic by tapping the expertise of social and natural scientists.

This autumn, Beijing will hold the second National Social Science Work Conference to explore how scientists and intellectuals can contribute to government work.

The ideal of making decision-making more scientific and democratic was first raised by Politburo member Mr Wan Li at the first National Social Science Work Conference, held in the autumn of 1986.

Mr Wan, an ally of such liberal leaders as the late party chief Mr Hu Yaobang, said the reason the Communist Party had made major errors since 1949 was that it had failed to consult academics and intellectuals.

Mr Wan, considered a protege of senior leader Mr Deng Xiaoping, called on party and government units to co-opt intellectuals into its decision-making bodies.

Chinese sources say Mr Deng has been trying to revive those aspects of political reform that will not challenge the supremacy of the Communist Party.

Aside from pledges to consult non-communist politicians, Mr Deng has also vowed to pay more attention to the advice of social and natural scientists.

Liberal party cadres have also been encouraging research institutes to adopt the roles of Western-style think-tanks, so they can provide "independent" advice.

But the sources said it was unlikely the Communist Party would tolerate independent research institutes.

After the June 4 crackdown, hard-liners have blamed the leaders of liberal think-tanks for having given advice and other support to the student demonstrators.

Economists Chen Ziming and Wang Juntao, the alleged "black hands" behind the protests, were the founders of China's first "private" research facility, the Beijing Institute of Economic and Social Sciences.

Meanwhile, in an essay in the official journal REFORM OF THE ECONOMIC STRUCTURE, the Minister for Restructuring the Economy, Mr Chen Jinhua, has written that the "synthesis of planning and the market" was the basis of the socialist commodity economy.

"Planning must be commensurate with the demands of the commodity economy and it must respect the law of values", he wrote "It does not mean using executive means to disrupt market mechanisms".

Article Cherishes Memory of Zhou Enlai

HK1303052991 Beijing RENMIN RIBAO in Chinese 5 Mar 91 p 4

[Article by Zhang Wenjin (4545 2429 2516): "Cherishing the Memory of Zhou Enlai"]

[Text] Comrade Zhou Enlai has already been gone 15 years. In this period of several thousand days and nights, I have often thought of his great life. His temperament, character, knowledge, and work style deeply impressed everyone who met him, and made them respect him, trust him, and feel close to him. As I reflected on the grace of his speeches and actions, I felt as if he was still here yesterday and very close to us, but when I realized he was in another world, I felt a kind of sorrow. On 8 January 1991, I went to the memorial hall to tour the past, and I could not soothe my disturbed mind. There I met many comrades who wanted me to write of the experience in work led by Comrade Enlai during those years. I anxiously felt that this was something I should do. When I looked back and immersed myself in deep thinking, I saw many events...when I took the pen, I found those were scattered memories, which could not be turned into an essay.

I first saw Comrade Zhou Enlai 60 years ago. In the spring of 1930, he arrived in Moscow to brief the Third International on our work since the CPC Sixth Party Congress, and to solve the disputes between the CPC and the Third International Far East Bureau. In late April, he passed through Berlin, and invited the CPC members there for a meeting at Cheng Fangwu's place. At that time, I was studying in Berlin, and I was 15 or 16 years old and a Youth League member; however, I was lucky because I was allowed to attend [xi shou 0705 2392] the meeting. At the meeting, Comrade Zhou Enlai analyzed the international situation for us, and briefed us on the developments of the soviet movement and Red Army in

China. His clear thinking and impressive speech greatly encouraged us. At that time, I did not know the name of this charming young man, who was natural, unrestrained, and gentle. After he left, Cheng Fangwu then told us he was the famous leader of the Nanchang Uprising, Zhou Enlai.

In 1945, I was transferred from Kunming to Chongqing, to work in the 18th Group Army's Foreign Affairs Section. In late August, Comrade Zhou Enlai accompanied Chairman Mao to Chongqing from Yenan for talks with the Kuomintang [KMT]. One day in early September, he came across me, and asked about my situation. When I told him I had listened to his speech in Berlin, he immediately said, happily and smilingly: "We are old friends." Several days later, Chairman Mao met the Canadian ambassador, and I was the interpreter. From then on, I worked directly beside Comrade Enlai. Zhou Enlai set rigid requirements for the comrades who worked beside him, and he patiently gave concrete guidance. His style was strict on the one hand, and full of care on the other. This I felt from the very beginning. I remember that once, I drafted a speech criticizing the KMT, and sent it to him for inspection. He quickly read it through, and shook his head slightly, then told me: To judge how good a hunter is, we do not look at how many bullets he shoots at one moment, but whether he can hit the target once he shoots. I understood immediately that the draft's shortcoming was that it attacked many aspects without hitting the target. I quickly corrected the draft according to his hints, and sent it back to him for inspection; he nodded and looked at me, smiling satisfactorily. Perhaps, at that moment, he felt a child could be taught.

At the end of 1945, the U.S. President sent his special envoy, George Marshall, to China to mediate the conflict between the KMT and the CPC. Comrade Zhou Enlai took part in the talks as the CPC's chief representative. I was his secretary and interpreter, and I witnessed his persistent efforts to implement the party's basic policy of "opposing civil war, struggling for democracy, and seeking peace." During the talks, Comrade Zhou Enlai's dedication was shown by his willingness to face danger, difficulty, and hardship; to me this is forever unforgettable. In May 1946, he went with U.S. representative (Bai lu de) [4101 7627 1795] and a KMT representative to Xuanhuadian, which was 100-km north of Wuhan, to investigate the CPC-KMT conflict in the liberated zone. I was in the entourage. It had been raining for many days, and torrents of water rushed down the mountain. A bridge was torn out by the current, and our cars could not cross the river. The U.S. and KMT representatives wanted to return. In order to have more time, and prevent the situation in central China from further deteriorating, Zhou Enlai insisted on wading across the river. He asked the local comrades to gather some 10 peasants to carry the four jeeps across the river, then they carried the U.S. and KMT representatives across the river. When the peasants offered to carry Zhou Enlai, he said affectionately: You have given us great support in the struggle for peace, and we are thankful. We, the communists, were skillful in climbing mountains and wading across

rivers in the 25,000-km Long March; this river cannot stop me. As he talked, he removed his shoes, socks, and long trousers, and walked into the river. Comrade Enlai's move was completely unexpected by (Bailude), who immediately took the camera to shoot the scene, and told me he would keep this photo very carefully as a private souvenir. When Comrade Enlai was halfway across the river, Comrade He Qian followed him. I was slow, and when I took off my shoes, Comrade Enlai turned to me and said: "Wenjin, can you walk?" Maybe I was a bookworm in his eyes, a person who had not been trained by wind and waves, so he paid special attention to me. But I realized that this was also to spur me on. I immediately quickened my pace, followed Comrade Enlai, and waded across this river which was 100 meters wide, with half of my body immersed in water.

In Washington, D.C. in 1980, I again met Mr. (Bailude), who I had not seen for a long time, and he still could not stop praising what had happened. Thereafter, he sent me a photo, which showed Zhou Enlai standing in the river, in his army jacket and shorts. It is precisely from this kind of small thing that we see why the senior generation of communists, with Comrade Enlai as a representative, could earn the Chinese people's support, and even the admiration and respect from their political opponents.

After the civil war erupted, Zhou Enlai often wrote to the central foreign affairs section, despite his busy military duties, to instruct us to strengthen overseas propaganda, and to understand major world events. I knew that this was also in preparation for building New China's diplomatic contingent. After liberation, I went to work in the Tianjin Foreign Affairs Office, and left Comrade Enlai; but he, as the State Council premier who must oversee a thousand things a day, often remembered me. In the early 1950's, the central authorities were organizing various ministries, and Comrade Wang Jing was appointed to organize the First Machine-Building Industry Ministry. Because I graduated from Qinghua University's Machinery Department, and because, when I worked for the underground party in Guiyang, I was responsible for automobile machines work, Wang Jing let me engage in the automobile industry with him—I also wanted to return to my old business. When I went to Beijing for official duty, Comrade Enlai knew about it, and invited me to the Xihua Lounge for talks, which lasted two hours. He always offered reasons in a persuasive manner when he carried out ideological work, and taught with skill and patience, starting from the major world trends to the importance of New China's diplomacy; he also analyzed my concrete situation, and said there was a serious lack of foreign affairs cadres. He completely convinced me, so I happily remained on the diplomatic front. Thus, I was fortunate to have more time to work under his direct guidance, and to have the opportunity to take part in many important diplomatic activities.

What is particularly unforgettable is that, when I was the assistant foreign minister responsible for European and American affairs, I was personally involved in a series of diplomatic talks which opened Sino-U.S. relations. The restoration of Sino-U.S. relations was not only a major turning point in New China's foreign relations, but also

created a new pattern of international strategic relations. It should be said that it was Chairman Mao's decision to open the big door of Sino-U.S. relations, but Comrade Enlai not only took part in the decision, he also painstakingly carried out a great deal of organization work, and made careful arrangements. For example, when Kissinger made his first secret trip to China, the central authorities sent me and several other comrades to Pakistan to meet him. Before our departure, the premier repeatedly explained the principle for reception decided by the central authorities, and that was, "neither haughty nor humble; treat him with courtesy." But he was not totally relaxed, and said to me, in particular: "I know you do not like to talk, but this trip is very important; he is a guest, and you are the host, and you must take the initiative." Comrade Enlai's wisdom and knowledge penetrated the process of Sino-U.S. talks and every crucial detail. When both sides discussed the communique of Nixon's trip to China, the focus was on which side should have more initiative. We thought that because Nixon himself first expressed his wish to visit China, then, our side would extend him the invitation. But Kissinger thought that the invitation should come first. Comrade Huang Hua, Kissinger, and I discussed this for two nights, but to no avail. Both sides refused to yield, and eventually, we could only report this to the premier. Comrade Enlai muttered to himself for a moment, took the pen, and added the word "learned" to the communique we had drafted. The word meant that the process of the event was that we learned of Nixon's wish to visit China, therefore we extended the invitation. Thus, both sides found it acceptable and were satisfied. Premier Zhou's diplomatic ability was really admirable.

Comrade Enlai's training for me included patient instructions and strict criticisms. I have deep impressions about two events. The first event took place in 1954 when I followed the Chinese delegation to the Geneva Conference. One day, I made a mistake in translating a press item issued by a foreign news agency, and the item was sent to China. Comrade Enlai criticized me harshly, and pointed out that I was irresponsible in important matters. His words made me feel sorry, and I tried to avoid making the same mistake the rest of my life. The second event was during the "Cultural Revolution," when the British representative office was burned. After it was rebuilt, the premier asked me to congratulate the British representative at the British reception meeting, as well as apologizing at an appropriate time. Because there were many people attending the meeting that day, I was unable to find an appropriate occasion, so I did not apologize. When Comrade Enlai learned of this, he immediately sent for me and criticized me: "You are deeply troubled by the extreme leftism. You did not apologize, and I can only send the apology myself." Then he personally made an appointment with the British representative, and said to him: It was not the Chinese Government's intention to burn the British representative office; it is now rebuilt, and I send you my congratulations. At that moment, I was beside Comrade Enlai;

as I looked at his tired and lean face, I deeply regretted not being able to share his burden because of my fault.

Although Comrade Enlai set strict demands for the comrades around him, he would shoulder responsibility on his own initiative when his subordinates made mistakes. What is more valuable is that he set strict demands for himself, and educated others by actions rather than words. Here, I want to mention two events. Both happened while Marshall was visiting China, and when I was the interpreter. One day, the CPC, the KMT, and the U.S. side held talks, and I left a memorandum in the lobby; when we left, Comrade Enlai reminded me, and I got it back. Comrade Enlai harshly criticized me on the spot. Then, in the car, he shouldered responsibility on his own initiative, and said: "I am older and more experienced than you, I should have reminded you before hand." Recently, in an article commemorating the premier written by Comrade Xiong Xianghui, it was mentioned that, because of carelessness, Comrade Enlai left his notebook on Marshall's plane on a trip from Yenan to Chongqing. I want to add a small detail here. In fact, as soon as Comrade Enlai returned to Hongyan, he discovered he had lost his notebook. He immediately sent me to look for it, and at once convened a meeting of the party core for self-criticism. I rode in a car which sped to Marshall's residence, got the notebook from his adjutant, and rushed back to our place. The trip took at least two hours. But when I arrived home, Comrade Enlai was still criticizing himself. I was a comrade who had worked for a short time in the party's leading organ, and I had never thought that a leading comrade in the central authorities would criticize himself so harshly according to the party's discipline if he had some minor shortcoming. I was deeply impressed by this event, which is unforgettable.

Note: This is a draft of a speech prepared by Comrade Zhang Wenjin for a meeting to commemorate Zhou Enlai, to be held in early March. Unfortunately, he passed away without being able to rewrite it. Here, we publish a portion of the draft. The editor added the headline.

Ceremony Commemorates Death of Sun Yat-sen

OW1303015891 Beijing XINHUA in English
1537 GMT 12 Mar 91

[Text] Beijing, March 12 (XINHUA)—More than 100 people attended a ceremony commemorating the 66th anniversary of the death of Dr Sun Yat-sen, in Beijing's Zhongshan Park today.

The ceremony was presided over by Qu Wu, honorary chairman of the Central Committee of the Revolutionary Committee of the Chinese Kuomintang.

Representatives from the national committee of the Chinese People's Political Consultative Conference (CPPCC), the revolutionary committee of the Chinese Kuomintang, the United Front Work Department of the

Communist Party Central Committee and the Beijing Municipal People's Government laid wreaths before a bronze statue of Dr Sun.

Present at today's ceremony were Vice-chairmen of the Standing Committee of the National People's Congress Peng Chong, Yan Jici, Sun Qimeng and Lei Jieqiong, and Vice-chairmen of the CPPCC National Committee Sun Xiaocun and Lu Jiaxi.

Meanwhile, a series of commemorative activities were also held today in Shanghai, Guangzhou, Nanjing and Wuhan to mark the same anniversary.

Leaders Send Wreaths to Commissar's Funeral

OW1203023391 Beijing XINHUA Domestic Service in Chinese 0700 GMT 11 Mar 91

[Excerpt] Beijing, 11 Mar (XINHUA)—Comrade Huang Zuozhen, an outstanding CPC member, a long-tested staunch communist fighter, a prominent political worker of our army, and former political commissar of the Beijing Garrison Command, died of illness at the age of 77 in Beijing on 24 January.

A ceremony to pay tribute to Comrade Huang Zuozhen's remains was held at the auditorium of the Babaoshan Revolutionary Cemetery in Beijing on 9 March. Li Peng, Wan Li, Li Xiannian, Nie Rongzhen, Yao Yilin, Li Ximing, Bo Yibo, Song Renqiong, Yang Baibing, Duan Junyi, Geng Biao, Ni Zhifu, Zou Jiahua, Chen Xitong, and Kang Keqing sent wreaths. Also delivering wreaths were the Central Military Commission; the CPC Organization Department; the Ministry of National Defense; the three general departments of the People's Liberation Army; the Commission for Discipline Inspection Commission under the Central Military Commission; the Beijing Military Region; the State Commission of Science, Technology, and Industry for National Defense; Beijing Municipality; and leading party and government organs in Comrade Huang Zuozhen's native province, prefecture, and county.

Qin Jiwei, Wang Ping, Liu Lantao, Li Desheng, Yu Qiuli, Chen Xilian, and Liao Hansheng attended and sent wreaths to the ceremony. [passage omitted]

Yang Baibing Watches Premiere of TV Movie

OW1103192791 Beijing Domestic Service in Mandarin 2230 GMT 9 Mar 91

[From the "News and Press Review" program]

[Text] A large-scale television serial movie glorifying revolutionary martyrs and recording actual events, entitled "National Spirit," has been produced.

Yesterday morning, its premiere was held in the Great Hall of the People. Yang Baibing, Cheng Zihua, and other comrades attended the premiere.

This television series was jointly produced by the Ministry of Civil Affairs, the People's Liberation Army's [PLA] General Political Department and the Central Television Station. With abundant historic facts, pictures of vivid images, and methods of contrasting history with values, it narrated the difficult course of China's revolution since the Opium War. Also, it praised the countless revolutionary martyrs and upheld its belief in communism as well as a selfless and fearless spirit of devotion.

There were six episodes in the whole series.

Artists, Journalists Comment on Film 'Jiao Yulu'

OW1303150691 Beijing XINHUA in English 1401 GMT 13 Mar 91

[Text] Beijing, March 13 (XINHUA)—A feature film, "Jiao Yulu", which depicts a county party secretary's devotion to the people, has made a hit throughout China.

So far, Chinese cinemas have purchased 520 copies of the film, a record in China. Some people have seen the film eight consecutive times. The "PEOPLE'S DAILY", "CHINA CULTURE NEWS" and other national newspapers and some local newspapers have carried reports and commentaries on the film.

Jiao Yulu was secretary of the Communist Party committee of Lankao County, Henan Province from late 1962 to the spring of 1964, when the county was plagued by natural disasters. Despite his serious illness, he sent relief food to those who were starving, trudged over the whole county to make investigations, solicited suggestions from villagers and led local people to fight against the natural adversities. Unfortunately, he was finally overcome by illness and died of cancer of the liver in May 1964, at the age of 42.

Mu Qing, president of XINHUA News Agency, and veteran journalists Feng Jian and Zhou Yuan wrote that Jiao Yulu whole-heartedly served the people and believed in the people, and had a down-to-earth working style and indomitable spirit in front of difficulties.

Wang Jixing, director of the film, wrote that when he was a middle school student, he read reports about Jiao Yulu and was moved to tears. Though a quarter of a century has elapsed, the image of the county party secretary remains vivid in his mind. In shooting the film, the director felt that he must reproduce the hero sincerely, he said.

An article in the "PEOPLE'S DAILY" said that during the one-month shooting of the film in Lankao County, the actors and actresses were immersed in the local people's love for the late secretary. Local people did everything they could to help the shooting of the film without any condition.

Ma Rui, deputy editor-in-chief of "POPULAR CINEMA," wrote that the reason why the film attracts and moves the majority of the audience is that it reflects people's thinking, feelings and wishes.

"CHINESE WOMEN'S WEEKLY" said that the success of the film depends on the people's love for the spirit of serving the people whole-heartedly, their respect for the outstanding Communist Party members as well as their hatred for the corruption and wrongdoings of some officials.

At present, a six-part TV play and a Henan opera depicting Jiao Yulu are also being successfully staged in central China.

Correction to Vice President on Loss of Influence

HK1303004291

The following correction pertains to the item headlined "Wang Zhen Decries Loss of Party Influence," published in the 12 March China DAILY REPORT, page 32:

Column two, paragraph two, only sentence make read: ...in the villages have little appeal, the response.... (correcting word "title")

Economic & Agricultural

Government Readjusts Private Enterprise Taxation

OW1303051591 Beijing XINHUA Domestic Service
in Chinese 0924 GMT 12 Mar 91

[By reporters Fu Gang (0265 0474) and Chen Anming (7115 1489 2494)]

[Text] Zhuhai, 12 Mar (XINHUA)—From a national meeting on the management of individual and private economies that is being held in Zhuhai, these reporters learned that, to encourage private enterprises to become more production-oriented, more export-oriented, and more technology-oriented, the State Taxation Bureau recently readjusted its taxation policies toward private enterprises.

According to the new taxation policies, income taxes will not be levied on regulated income generated from foreign exchange earned by export-oriented private enterprises that is approved by the State Foreign Exchange Regulation Center; however, the full amount of this income must be incorporated in enterprises' production development funds. Beginning the month when they receive the first income and within the first one or two years, private enterprises engaging in processing foreign companies' materials or in assembling foreign companies' parts will be allowed to pay income taxes at reduced rates or be exempt from paying income taxes if the value of materials or parts provided by foreign companies exceeds 20 percent of the total value of the raw, processed, and supplemental materials, or parts used for their products, after approval is given by a provincial, autonomous regional, or municipal taxation bureau. Private enterprises engaging in technology transfer will be exempt from paying income taxes within the first three years if their annual revenues are below 100,000 yuan. Income taxes will be levied according to regulations on the amount exceeding 100,000 yuan.

In addition, new production-oriented private enterprises may be allowed to pay income taxes at reduced rates or be exempt from paying income taxes within the first year if they have difficulties paying taxes. New production-oriented private enterprises invested by returned Overseas Chinese with overseas funds, if these overseas funds exceed 50 percent of the total investment of an enterprise, will be exempted from paying income taxes for the first two years, beginning the month an enterprise is put into operation. The above regulations became effective as of 1 January 1991.

Bank Drive for Foreign Currency Continues

HK1303033791 Beijing CHINA DAILY in English
13 Mar 91 p 2

[By staff reporter Zhang Yu'an]

[Text] The China Investment Bank yesterday announced that "continuing efforts to raise foreign funds" would be its top priority in the new year in order to further support domestic economic development.

Speaking at its annual working conference held in Beijing, the bank's president Lu Xianlin urged more than 100 branch and subbranch heads from across the country to "strength ties with the World Bank, the Asian Development Bank and other foreign commercial banks" so as to "borrow as early as possible new loans from abroad."

Meanwhile, the branch and sub-branch heads were urged to explore new channels for raising overseas hard currency this year, such as managing foreign government loans and export credit, Lu said.

He also told officials to "take advantage of the favourable opportunities created by international financial organizations which have resumed lending to China."

Lu said the bank should actively work to attract more foreign exchange deposits at home.

Branches and sub-branches which failed to fulfill their deposit plan should cut their loan quotes, he said.

The bank, established 10 years ago, is one of China's 10 financial bodies authorized by the State Council to raise foreign funds abroad.

Currently, its main task is to relend hard cash loans provided by the World Bank and well as borrowing commercial loans from foreign banks and handling international settlement business.

By the end of last year, the bank had provided a total of \$1.09 billion in hard currency loans and 3.10 billion yuan (\$596 million) worth of loans in Chinese currency.

Lu also urged the units to inspect how loans were used this year.

He told the branch heads to stop providing loans to firms which did not use the funds properly, and to cancel loans already given to such firms.

At the same time, the bank will readjust its loan structure in 1991 so as to make full use of existing funds and increase its efficiency, he said.

Article Evaluates Financial Markets of SEZ's

HK1103132191 Beijing JINGJI YANJIU in Chinese
No 1, 20 Jan 90 pp 73-77

[Article by Zheng Fanghui (6774 2455 6540), and Wang Yi (3076 5042) of Hunan University of Engineering in November 1990, edited by responsible editor Dai Ling (2071 0407): "Several Questions Concerning the Financial Markets of Special Economic Zones"]

[Text] Currently, the large-scale plans of China's special economic zones [SEZ's] to encourage foreign investment and to raise local funds require us to promptly establish a perfect capital market; however, conflicts of the two-tier system have restricted the cultivation and development of such market. How to further open the capital market on the present basis is therefore a key to successfully carrying out reforms in the financial system of the SEZ's.

I. Functions and Role of Capital Market in the Economic Development of SEZ's

China's five large SEZ's were built based on the same thinking: to use preferential policies, flexible measures, and the natural conditions of neighboring waters to attract the ever-increasing international capital, particularly the capital of people from Hong Kong, Macao, Taiwan, and Overseas Chinese to form special development zones that are geared to the international market, participate in the international division of labor, narrow the gap between China and the international community, and ensure they are connected to the interior part of China in all directions. Therefore, the capital market plays an important role in developing the economic development of the SEZ's. **1. Capital market is the key to improving the investment environment of SEZ's.**

By investment environment, we refer to various comprehensive conditions in the areas of politics, economics, and culture of the host country that encourages foreign investment. Only when the investment environment is rational can it be possible to attract a large sum of foreign investment, and bring appropriate modes of investment, as well as the best investment results to the host country. The yardstick to determine the rationality of investment environment of a SEZ is: First, the subject of investment should be diversified, so that budgetary investment projects will be coordinated with the nonbudgetary ones, and the use of domestic funds will be coordinated with that of foreign investment. Second, the direction of investment should be an international one—that is, to take the international capital market as the lead, and join in the sharing of international capital according to the international practice. Third, we should modernize information about investment, use modern means to catch the latest information to make the subject of investment capable of adapting itself to changes in the

international market, thereby eliminating risks and improving the efficiency of investment. Obviously, one may find it impossible to achieve the above points without a perfect capital market. It is far from enough just by perfecting the "hardware," such as basic facilities, and the "software," such as formulation of preferential laws and regulations. In fact, the effects of offering preferential terms, and the principle of allowing investors to get more profits are limited. Almost every developing country attempts to encourage foreign investment by offering preferential terms; however, the ratio of international investment absorbed by such countries is continuously decreasing. One of the reasons for this is that they lack a capital market as perfect as those set up in developed countries. It is thus possible for them to profoundly improve their investment environment. In a certain sense, therefore, whether or not China's SEZ's can effectively absorb and utilize more funds is determined by the existence of a perfect capital market. Only the existence of a perfect and developed capital market (providing comprehensive legal, standard, and time-space guarantee in respect of the flow, increase, risks, and distribution of capital) is the inherent force to keep capital continuously flowing in. **2. Capital market is an internal cause for forming an effective investment mechanism of the SEZ's.**

A perfect capital market is capable of agreeing with the investors' mentality of taking risks, exploring, and feeling excitement, as well as their investing practice; and provides them basic parameters and objective guarantees to improve their adaptability, thereby forming an effective investment mechanism. Therefore, only when we have established a market that can directly and promptly reflect the state of financing, when we realize without a hitch a free flow of capital, free exchange of currency, the discounting of bills, as well as issuance, transfer, and transaction of securities, can such concepts as increase of capital, interests, input, output, and risks be more objectively manifested by the actions of investors; and can we realize the possibility of investment. At the same time, the capital market is also capable of spontaneously readjusting the investment composition and improving the results of investment. To enterprises offering products and labor services conforming to the demands of consumers, those that are effectively run, and those yielding remarkable economic results, the capital market is their thermometer and distribution device. It may provide them the necessary capital for production and reproduction. On the contrary, to enterprises producing unmarketable and poor products, those that are poorly run, and those bringing major negative effects to society may have difficulties in capital turnover as a result of withdrawal of capital; and they may sustain losses, be closed, or go bankrupt. The survival of the fittest is originally a basic rule of investment. Therefore, the investment mechanism of the SEZ's is determined by not only the degree of intensity of reforms in the financial system, and the principle of profit-making, but also a further open capital market, including the

capital market system as a whole, which is more important. **3. Capital market is the main channel to rationalize the distribution of resources in SEZ's.**

Under the traditional system, the distribution and raising of funds are simply done through state plans by administrative means. Bureaucratic banks and the supply system of funds are two of its characteristics. In the early days of the establishment of SEZ's (for example, Shenzhen SEZ), there was an attempt to distribute resources by following the thinking of doing it "systematically, in all directions, and by multiple levels." In most cases, we attracted foreign investment according to the principle of allowing having a greater share of profits, and attracted domestic investment by administrative means. This helped strengthen the work of promptly laying an economic foundation at that time. Nevertheless, the side-effects of such a mechanism of resources distribution, which carried marks of the traditional systems, became rampant in the course of development. For example, the contradiction between supply with demand of capital was intensified, returns on investment dropped, and the composition of investment was unitary. Therefore, it was inevitable that the capital market became the major channel to distribute resources to SEZ's. First, it was an inevitable product of developing commodity economy in SEZ's. While the SEZ's took "market readjustment, as well as utilization of foreign investment, as the major point," the capital market was objectively required to act as a device to rationalize the distribution of resources. Through fluctuating returns of investment, it participated in the international division of labor, guided the flow of capital, and optimized the composition of industries. Second, it acted as a distribution device to raise capital which was otherwise lying idle in society, to attract international capital, and to strengthen lateral relations. A problem commonly shared by the SEZ's was that there was insufficient capital. It was estimated that the amount of funds needed by China's five major SEZ's in the coming 10 years in fixed assets investment alone would reach 250 billion yuan. Such a large-scale investment plan cannot be realized by financing in the traditional way; however, the experience of foreign countries has indicated that a developed securities market may marvelously and quickly accumulate a huge sum of funds. Therefore, it is a practical choice to turn international capital into construction funds, to turn capital lying idle in society into a large sum of money, and to turn short-term consumption into long-term consumption. In other words, it is a practical choice to make the capital market into a major channel to distribute the resources of the SEZ's. Of course, being the major channel, the capital market does not expel the functions of planning. Even in the SEZ's, it is necessary to rely on the planned readjustment to undertake certain important basic facilities, public facilities, and welfare undertakings.

II. Current Difficulties of Capital Market in the SEZ's, and Their Causes

Compared to the interior of China, the current problems faced by the capital market in the SEZ's are different in

terms of "quantity." The reasons were nothing more than the following: First, the principal part of the market was dislocated. The capital market is backward compared to the monetary market, and the trading market is sluggish compared to the issuing market. Although the SEZ's like Shenzhen adopt the central banking system and allow foreign banking institutions to set up branches in the zone, their financial market is still monopolized by several banks, and a genuine and effectively competitive situation cannot be developed. Second, the subject of market is absent. Although the level of income received by residents of the SEZ's is higher, and the economic results of some enterprises are better, it is still difficult to develop a stable and large quantity of long-term investing subjects because of internal and external reasons. In addition, the present volume of turnover is too small, and a considerable portion of it is the planned capital. Third, the market organizations are imperfect. There is no effective organization in charge of macroeconomic readjustment, and the laws and regulations are far from perfect. Fourth, the market mechanism is distorted. In addition to being inelastic, the interest rates cannot actually reflect the supply-demand relations of capital.

It seemed that the capital markets of various SEZ's have been facing similar difficulties after 1989:

—Limited supply. In a capital market, there must first be plentiful capital suppliers. There are two sources of capital supply in SEZ's. The first one is foreign investment. Because of certain changes in the international situation, the sum of foreign investment utilized by SEZ's sharply dropped after 1989. At present, the international capital market has become a "buyers' market." Though the SEZ's have certain natural connections with Hong Kong, Macao, Taiwan, and Overseas Chinese (for example, Taiwan is adjacent to Xiamen, and they share the same culture; so do Hong Kong and Shenzhen, and Macao and Zhuhai) in respect of capital supply, such connections are not the basic driving force to attract foreign investment. This is illustrated by the fact that those who currently invest in the SEZ's are mostly owners of medium-sized and small assets, and very few are large consortia. Under the present circumstances where regions and departments are separated, and protectionism mutually adopted among them, there are numerous restrictions on the securities market (for instance, only local residents are allowed to purchase) so banks are the major channel of investment; however, most of the governments of SEZ's face financial difficulties, so it is difficult to improve the situation by depositing financial revenue. In addition, a considerable number of enterprises are so poorly run that they basically rely on bank loans for survival, and as a result of increase in debts, their profits drop and they suffer more extensive losses. Consequently, the amount of savings deposited by enterprises continues to drop. Furthermore, the capability of most of the residents to save deposits is very limited. Even in the SEZ of Shenzhen,

the average amount of savings deposited by each resident is no more than 1,000 yuan. Since the availability of bank loans is determined by the amount of deposits, the supply of capital is limited because the amount of deposits has dropped and the amount of loans is insufficient.

—**Excessive demand.** Opposite to the insufficient supply, the demand of SEZ's has reached an excessive level. First, it is the government. Any large-scale construction of the basic facilities or improvement of investment environment requires a large amount of capital. This thus forces the SEZ government in question to issue bonds on a large scale. Second, it is the specialized banks. The SEZ's were very seriously affected by the market which became sluggish in 1989. As products were overstocked, so did the funds. Thus, there was a shortage of working capital, and a drop of deposits by enterprises. Consequently, the source of funds for specialized banks dwindled. Nevertheless, the demand for capital gradually increased to safeguard the economic development of the SEZ's, or to meet certain special purposes. At the same time, the level of profits retained by enterprises in the SEZ's was so low that most of them were running their business at a loss. Thus, the specialized banks could not but raise funds with the help of the capital market, such as issuing bonds. Third, it is the central banks. Last year saw the implementation of austerity program, and the withdrawal of money from circulation. To activate the market, and to ensure a normal operation in specialized banks, the central banks of the SEZ's put more money for circulation in several occasions. Most of such funds were raised in the capital market. Fourth, it is enterprises. Enterprises in the SEZ's have a larger scope of right of autonomy compared to those in the interior part of China. At the same time, most of them are running at a loss. More than 90 percent of the working capital of industrial and commercial enterprises is loans arranged by banks, and this is a major requirement for the capital market.

—**Poor operations.** Banks and enterprises are two major subjects of the capital market. After a decade of reforms and opening up, the SEZ's like Shenzhen have preliminarily formed a multilevel, diversified, multipurpose, and open financial system. Also, their pattern of competition has taken shape; however, since the process of turning specialized banks into enterprises is a laborious one, the mechanism of equalitarianism is still commonly found in the state banks, which are on an absolutely favorable position. This makes it difficult to make banking operations really reflect the internal demand of the capital market. Because of the negative effects of a sluggish market, as well as policy readjustment in 1989, there were drastic changes in the operating conditions, as well as operating environment, of most of the enterprises in the SEZ's. Costs shot up. Products became overstocked. Debts were not repaid, and the economic results dropped. Correspondingly, the amount of funds not being utilized by

banks increased. The amount of outstanding repayment of loans also increased, and the turnover of capital was slow. Some indexes, such as capital-profit ratio, and the value realized by each 100 yuan of the original value of fixed assets, which are significant to assess enterprises, were even below the average national level. Therefore, the extent of opening up and development was adversely affected, and limited by difficulties in the operations of enterprises.

—**It lacks the market parameters.** Interest rates, competition, and risks are the major parameters of the capital market. Competition determines the level of interest rates, and is therefore risky. In return, risks strengthen the competition and affect interest rates because they mutually react to each other, and settle at the equilibrium in interest rates, thereby speeding up the circulation of capital, and making the best use of resources. Under the traditional system, our policies toward the use of interest rates were: first, to treat them as their property without making any payment; and second, to set the interest rates too low and for too long a time. Under these circumstances, it was very difficult to encourage the emergence of capital market, much less the so-called competition and risk-taking. Shenzhen took the lead in reforming the interest rates in the SEZ's. It has basically formed a system basing on the standard interest rates. One of its characteristics was that the interest rates floated on the basis of time difference. This was a major breakthrough when compared to the traditional system. Strictly speaking, however, the present interest rates of the SEZ's are still the product of the two-tier system. In other words, the determination of interest rates according to the relations between supply and demand of capital coexists with the uniform interest rates of the central banks. Because of difficulties in macroeconomic readjustment, clash, conflicts, and contradictions between such two-tier state and the interest rates were intensified with each passing day, and they eventually prevent us from further opening up the capital market. At the same time, although there was readjustment on several occasions in the interest rates of deposits made at the state banks by the SEZ's and enterprises, the level was still so low that the interests of such deposit account holders were impaired, and that the development of the capital market was restricted. To set interest rates at an appropriate level, and to have normal, effective, and proper competition are the basic conditions. Because the sources of funds in the capital markets of the SEZ's are from other parts of China and overseas, we should let the supply party compete with the demand party, and allow competition among the supply party, as well as among the demand party. Nevertheless, the supply is limited, the demand reaches an excessive level, and the competition mechanism is yet to be perfected, so that the competition in reality is neither standardized nor fair. Risks are a product of competition. Presently, one cannot say that there is no risk in the capital markets; however, the capital markets are very weak. This is

related to the macroeconomic environment, the system of enterprise management, the lack of business development in specialized banks, and the practice of "eating from the same big pot" in enterprises and banks. Simply put, there are many weak points regarding the present parameters of capital markets in the SEZ's, and the problems revealed are getting more serious.

III. Countermeasures To Further Develop the Capital Markets of the SEZ's

It is generally believed that to grow, a capital market must possess four conditions, namely diversification of the market subject, elasticity of market interest rates, standardization of behavior in market, and perfection of market organization. Therefore, we hold that to further open and develop the capital markets in the SEZ's, we must adopt the following countermeasures:

1. We should further promote an extensive and intensive development in the financial structural reform of the SEZ's, and create an external environment for building a perfect and developed capital market. The growth, development, and perfection of the capital markets in the SEZ's depend on our reform in the financial system. On the financial structural reform over the past years, the SEZ's have preliminarily established a multilevel, diversified, multipurpose, and open financial system and institutions. According to the principal requirement of "market readjustment," they reformed the financial operating mechanism and macroeconomic readjustment mechanism, developed financial business, changed the system of interest rates, and so on. When further carrying out reform in the future, we should first rationalize our way of thinking. Although other parts of China attempted to carry out one after another the financial structural reform by developing the capital market, strengthening their macroeconomic readjustment mechanism, and promoting the business development of banks, but none of them succeeded in such reform. Take the capital market as an example. It is the result of relations regarding monetary and capital exchanges. It is inevitable that the situation of such open capital market will be different from what is expected without a coordinated financial subject with developed business, an effective system of macroeconomic readjustment, and a perfect credit management system are absent. Second, we should create a framework of financial structural reform according to the requirement of internationalization. The extensive coverage of internationalization of finance includes internationalization of market competition, as well as internationalization of market activities and services. Nevertheless, the core is the internationalization of capital market. In other words, the capital markets of the SEZ's should be open in all directions, should keep abreast of the international situation, and should link the interior part of China to the outside. For this reason, their major contents were to learn from other countries, and relax their financial control according to the international practice; and to work out relevant laws and regulations to standardize it. Third, we should work

out specific plans in light of the present problems to intensify the financial structural reform. This includes: 1) reform of the operating system. Financial organizations in areas like Shenzhen have initially become more competitive, but since the state banks still monopolize the business, the function of capital markets is determined by the business development of specialized banks. In addition, we should continue to perfect the responsibility system of operations, promote reforms in the share holding system, and help enterprises really become the market subject who assumes sole responsibility for its profits and losses, and who operates independently. 2) Reform of the operating mechanism. For example, the SEZ's (such as Shenzhen) have developed their conditions for establishing stock exchanges mainly dealing in state bonds, enterprise bonds, and securities. 3) Reform of the readjustment mechanism. We should handle well the relations between the central banks and specialized banks; gradually realize the transition process from the management of credit-capital ratio to the management of risks and assets; and strengthen the legislation of financial laws to avoid making excessive administrative intervention.

2. We should clarify the pattern of opening the capital markets of the SEZ's. A capital market includes the short-term capital market, long-term ones (including the stock market), securities exchange, foreign exchange market, gold market, and so on. As the basic conditions, as well as natural environment, of each of the SEZ's are different, their patterns of opening up should not be identical. In an SEZ such as Shenzhen where the development has taken shape, and its conditions are more favorable, its capital market should be open according to the principle of "emphasizing on opening up, and integrating opening up with control in a planned way in all directions." By doing so "in a planned way," we mean to open the market in a steady pace, and take into full consideration the possible negative effects. By doing so "in all directions," we mean to open all markets whenever possible and necessary. Specifically, on the short-term capital market, we should continue to perfect and develop the inter-bank borrowing market, and devote major efforts to developing the discounting and short-term securities markets. On the long-term capital market, we should rectify the existing stock and securities markets, make arrangements for the secondary securities market, and do well in the work concerning the transfer and circulation of securities. We should continue to open up the exchange rates of readjustment centers; allow private persons to enter the foreign exchange market; gradually unify the exchange rates by seizing the opportunity that the exchange rate of renminbi are falling, so as to check transactions in the black market; and start making preparations for the establishment of a securities exchange. On the market of gold and ornaments, we should continue to expand the trading business, and participate in the international competition through our links with Hong Kong and Macao. By "emphasizing on opening up, and integrating opening up with control," we mean that to "open up" is a tendency

and natural development. But the key to this is to strengthen the control, so as to make it a standardized, perfect, coordinated, and statutory practice. In light of this, we should promptly promulgate relevant administrative rules, and avoid using administrative means to excessively and directly intervene the situation.

3. We should check the excessively strong demand for capital, expand the effective supply, and gradually set up a "seller's market" in which the supply is slightly more than the demand. In the area of supply, the central banks of the SEZ's do not have the function to issue currency or to increase the amount of money in circulation. Approaches to locate more sources of capital are no more than: first, to improve the operation, and increase the amount of deposits including savings deposits, deposits by enterprises, and fiscal deposits; second, to issue stock and local bonds; third, to encourage foreign investment and investment from other parts of China; fourth, to speed up the revolving of capital to improve the utilization results of capital. The above four methods have great potential to improve the situation. In particular, to make the best use of capital is the basic direction of development of the SEZ's (such as Shenzhen) in the coming 10 years. This is because we have realized that although China's SEZ's have developed at a speed much higher than the average national level, the economic results yielded by such development are not higher than the average national level. In the area of demand, the development in the SEZ's is much quicker than other parts of China; however, they still face the problem of suppressing their scale of investment in the fixed assets. They should resolutely check projects that are duplicated, are low-level industrial ones, seriously pollute the environment, and yield poor economic results. In granting loans, banks should give preference to the use of capital in certain areas by strictly following the promulgated industrial policies. In particular, they should support construction projects of basic facilities, key technology projects, and establishment of foreign trade and export enterprises. At the same time, they should guard against an inflation of demand caused by an excessive increase of wages and bonuses, encourage savings, and encourage consumption in an appropriate manner.

4. We should improve the elasticity of interest rates, make the mechanism of interest rates rigid, and further give play to the lever function of interest rates. The SEZ's have simplified the categories of interest rates and set up a multilevel interest rates system, as well as an interest rates management system, which focuses on the ceiling level of interest rates regarding savings deposits, and the bottom level of interest rates regarding loans. Basically, such approaches are an elaboration of the purpose of "taking a relaxed attitude toward control, and developing a multilevel situation." To make interest rates really readjust the interests, and distribute resources, we should first make interest rates elastic. Specifically, changes in interest rates affect and check the act of investment. The interest rates must bring actual increase rather than monetary increase to investors.

Over a long time in the past, the interest rates were so low that they yielded negative rates, and could not offset the inflation, so the mechanism of interest rates was ineffective. At present, the difference between interest rates in the capital market of Shenzhen SEZ and those planned ones are so great that the conflicts have been intensified. At the same time, the interest rates of borrowing are so irrational that any further development of the capital market is restricted. Using interest rates as a mechanism to readjust the supply and demand of capital, and the direction of capital flow, we must make rigid the restrictions on both parties when making credit. Specifically, interests must be paid on all kinds of credit, and it is impossible for the banks to sustain financial losses derived from the provision of favorable interest rates. The central authorities should grant to the SEZ's policies that are different from other parts of China in terms of interest rates, and gradually open up its control over interest rates.

5. We should realize a full-scale competition in the capital markets, and introduce risk-taking and insurance mechanisms. Because of capital shortage, as well as separation of regions and departments, there is presently only the competition among the demanding parties in the capital markets of the SEZ's, but not the competition among the supplying parties. For example, in the Shenzhen stock market, the ratio of savings deposits by residents by the volume of stock listed is 24:1 (two to one in the United States, and three to one in Hong Kong). Such preference of pricing makes it inevitable that the share prices soar. At the same time, the capital markets are subject to various constraint factors in a varying degrees, such as excessive administrative intervention, so that it is difficult to set the correct price. To put an end to this situation, and to have an effective and fair competition in the capital markets, we may begin our work in two areas. Externally, we may take the creation of a competitive environment, including an in-depth development of structural reform, as the goal; provide accurate and reliable market information, so as to promote the business development of specialized banks; and so forth. Internally, we may focus on strengthening the sense of making cross-boundary competition, including the clarification of authority of various specialized banks, and gradual promotion of stock issuance, as well as group operations, by enterprises. While protecting the competition, we must give guidance concerning competition, and strengthen the people's sense of taking risks. In addition, we must improve the service quality of the insurance market according to the need of diversifying the economies of the SEZ's, and develop business in the market.

Economists Discuss Prospects for 1990's

HK0503121591 Hong Kong LIAOWANG OVERSEAS EDITION in Chinese No 7-8, 25 Feb 91, pp 19-24

[Report by staff correspondents: "Broad Views of Economists on China's Economy in the 1990's"—first paragraph is editor's note]

[Text] Economic development and economic structural reform are two major issues about which the Chinese people are always most concerned. At the beginning of the new year, inside the XINHUA headquarters building in Beijing, the Chinese Academy of Social Sciences and the XINHUA NEWS AGENCY jointly held a symposium under the title of "China and the World: Prospects of China's Economy in the 1990's." The symposium was held after the publishing of the communique of the Seventh Plenum of the 13th CPC Central Committee. The people were interested in how the economists understood the spirit of the Eighth Five-Year Plan and what ideas they expressed about reform and development in the future. The scholars who made speeches at the symposium included Liu Guoguang, vice president of the Academy of Social Sciences; Zhang Zhuoyun, director of the Institute of Finance, Trade, and Commodities Economics; Li Zong, director of the Institute of World Economics and Politics; Dai Yuanchen, researcher of the Economics Institute; Liu Shucheng, deputy director of the Institute of Quantitative and Technical Economics; Lu Zheng, director of the Theoretical Office of the Industrial Economics Institute; Deng Yingtao, deputy director of the Institute of Rural Development; Li Xiaoxi, deputy director of the Comprehensive Office of the Institute of Finance, Trade and Commodities Economics; and Qin Yi, associate researcher of the same institute.

Two Major Changes in China's Economy

Famous economist Liu Guoguang pointed out: In the 1990's, China's economy will undergo two major changes—that is, the change in the economic development strategy and the change in the economic structure. As an alternate member of the CPC Central Committee, Liu Guoguang is a major brain trustor who takes part in the making of the state's economic policies. So his viewpoint is rather authoritative.

The so-called change in the development strategy means that the traditional development strategy of laying stress on growth speed, quantity, and extensive development will be replaced with a new development strategy of laying stress on economic results, quality, and intensive development. The so-called change in the economic structure means that the original structure which was based on the product economy and the natural economy and which merely relied on a high degree of centralized administration in economic planning with the market mechanisms being excluded will be replaced with a new structure of the planned commodity economy that combines the planned economy with market regulation. The two major changes began and made certain progress in the 1980's; however, there were twists and turns, and the whole process of changes has not been completed yet, and will continue in depth in the 1990's.

During the period of the Eighth Five-Year Plan and in the 10-Year Program for future development, structural adjustments and the enhancement of economic results will be placed in a position more important than the

economic growth speed; and in economic construction, stress will be laid on reinforcing agriculture, reinforcing the basic industry and the infrastructural facilities, reorganizing and transforming the processing industries, and strengthening the scientific, technological, and educational undertakings in the next 10 years. Technical transformation will be placed in a position more important than starting new construction projects. All this demonstrates the further change of the development strategy to the pattern of stressing intensive development, economic results, and product quality.

In the 1990's, China's economy is faced with the three major tasks of readjustment, reform, and development, and the relationship among the three sides must be handled properly. Over the past more than two years, economic improvement and rectification have achieved marked results in the first stage; but the tasks of economic improvement and rectification remain arduous, and unremitting efforts are still necessary. The economic work in the next five to 10 years must give prominence to the in-depth development of reform. In the 1990's, the key point and also the difficult point in economic development will not mainly lie in quantity and the growth speed, but in the rationalization of the economic structure and the enhancement of the economic results and quality. At present, the deep-rooted crux of the problems that hinder the adjustment of the economic structure and the enhancement of the economic results lies mainly in various defects of the economic structure and the economic operational mechanisms. The key to solving these problems lies in carrying out reform thoroughly. At present, a comparatively relaxed environment favorable to the advances of the reform has appeared, and we should grasp the opportune moment to quicken the pace of the reform. The CPC Central Committee's proposal on formulating the 10-Year Program and the Eighth Five-Year Plan for national economic and social development explicitly pointed out the need to establish the new economic structure and the new operational mechanisms that are suited to production development and to the combination of the planned economy with market regulation. At the same time, the central document also specified a series of tasks and measures for in-depth reform in the aspects of enterprise reform, market reform, price reform, and reforming the macroeconomic control system in the orientation of effecting planned guidance and overall market management. We shall narrow the scope subject to mandatory plans, and expand the scope subject to guidance plans and subject to market regulation. In enterprise reform, we shall adhere to the orientation of separating enterprise operation from government administration. In the aspect of price reform, the scope of fixed official prices will be gradually narrowed, and the scope of market regulation will be expanded. The double-track pricing system will be gradually abolished.

The Impact of the International Environment on China's Economic Situation

In the past year, great changes occurred in the international situation, with the disintegration of the East

European bloc, the reunification of Germany, the appearance of signs of recession in the world economy, and the outbreak of the Gulf crisis. All this will have certain impact on China's economy.

Li Zong, an expert in international economics, held: In the past nearly two decades since 1973, the Western economy has continued to maintain a low growth rate of 2.8 percent, and it is expected that this will continue in the 1990's. Such a prediction is based on the fact that the Western countries have accumulated certain experience in regulating their economies over a long time in the past. The most important point in their experience is to keep themselves from seeking a high growth rate. Otherwise, the policy of promoting economic growth through increasing money supply and financial expenditure will inevitably cause runaway inflation, and the high economic growth will never last long and will just bring about another round of stagnation. They learned a good lesson from the state of stagflation in the 1970's. Since then, the Western countries have adopted a new conservative policy by reducing public expenditure, tightening up money supply, lowering the growth speed, and curbing inflation. This has made their economies more stable. This was the basic state of affairs throughout the whole decade of the 1980's. For the highly developed and mature economies in the West, the appropriate growth rate can only remain at a low level of about 3 percent. In the 1990's, such conservative policies will be maintained. Of course, the growth speed cannot be too low; otherwise, their domestic unemployment will increase and their international economic status will decline. Western economic development in the 1990's may be divided into two stages. In the first two to four years, their economic growth may be slower; and in the later six to seven years, the pace may be quickened.

This is a basic estimation.

Li Xiaoxi, a middle-aged economist, pointed out: In the early 1990's, recession has generally appeared in the economies of various Western countries. The U.S. economy is in the worst condition, and recession there is under way, with unemployment increasing, a large number of companies and banks going bankrupt, and the economic growth rate declining to the lowest point in the past eight years. The recent economic situation in the European Community not good either, and it is expected that the economic growth rate in 1991 may decline to 2 percent, while the inflation rate may rise to 5 percent. Signs of a slowdown also began to appear in the growth rate of the Japanese economy in the middle of last year. The OECD, which consists of 24 Western nations, is expected to record an economic growth rate of about 2 percent in 1991, and the unemployment rate may rise to 6-7 percent. In the Soviet and East European economies, a production bust, market slackness, and serious inflation are all incontrovertible facts.

The slowdown of the world's economic growth speed and especially the U.S. economic recession will have certain impact on China's economy. The world market's slump

will affect China's foreign trade and export. In the aspect of imports, due to the world's economic recession and especially the influence of the Gulf crisis, there is an upward tendency in the C.I.F. [cost, insurance freight] prices of some imported commodities. The import of such commodities as crude oil, urea, and synthetic rubber that are related to the Gulf market accounts for about 20 percent of the total volume of China's imports. The prices of these commodities increased by more than 8 percent in late 1990. Because the international freight and insurance costs were raised approximately 10 times, the cost of the goods imported by China will increase by about 20 percent. As for Sino-Soviet trade, because of the poor economic condition of the Soviet Union, there were insufficient goods for barter trade, so the size of China's import and export trade with the Soviet Union was greatly limited. This year, Sino-Soviet trade will be changed into trade based on cash payment, and it is expected that the volume of trade between the two countries will further decline. Another point is that the international shift of inflation will become a prominent problem again.

The ongoing slowdown of the world economic growth speed will not last long, however. It is expected that the world economy will rebound in 1992. Moreover, the conditions of various countries vary from one another. Some countries, such as the United States, may record a bigger margin of decline; but other countries, such as Japan, may just experience a modest decline. Therefore, the general situation will not cause any major threats to China's foreign economic activities. Moreover, as a domestic-oriented economy of a big country, China's economy still enjoys a high degree of economic independence. External changes have not constituted a major factor for the fluctuations of the domestic economy. Economic recession in some developed countries may even bring about certain opportunities for the developing countries' economic development, as this may prompt the developed nations to increase the export of financial and human resources to the developing countries.

Characteristics of the Current Domestic Economy

Associate researcher Liu Shucheng held: Over the past more than two years, China's economic development underwent two turning points: In the first half of 1988, the domestic economy was situated at the peak of the overheated condition, and the economic growth speed could not be allowed to continue. In September 1988, the 13th CPC Central Committee held its third plenum and decided to start improving the economic environment and rectifying the economic order. In October 1988, the economic growth began to cool down, and the overall economic growth declined for about 17 consecutive months, or more than one and one-half years. In this period, the growth rate of industrial production was too low (as there was a negative growth rate), and this state of affairs lasted for about six months—from the fourth quarter of 1989 to the first quarter of 1990. Since 1990, the government has adopted measures for persevering in gross quantitative control, adjusting the intensity of

retrenchment, and conducting macroeconomic structural regulation. In March 1990, industrial production began to rebound at a quicker and quicker pace. Then, the gross national product [GNP] eventually ended its negative growth tendency, and the growth rate of the total retail sales was also turned positive. The general economic results were gradually improved.

In view of the 1990 economic situation, we may reach the following conclusion: **The overall economy has moved out of the nadir, and has begun partially to recover.** According to preliminary calculation, the GNP in 1990 increased by about 4.5 percent, and was higher than the 1989 growth rate of 3.6 percent and also higher than the world's average growth rate; the total industrial output value increased by about 6 percent, and was more than two percentage points lower than the 1989 rate of 8.5 percent; and the total agricultural output value increased by about 5 percent, being higher than the 1989 rate of 3.1 percent and the best in the last several years.

Liu Shucheng's general conclusion about this year's economic situation is: **The overall economy will move from partial recovery into all-around recovery, and will increase at an intermediate rate throughout the year.** According to the planned arrangements, the GNP will increase by 4.5 percent in 1991; the total industrial output value will increase by 6 percent; and the agricultural output value will increase by 3.5 percent. That is, the growth rates of the GNP and the total industrial output value will remain at the same level as those in 1990. This is a positive and prudent arrangement with sufficient leeway allowed. It is expected that the actual growth rate of the GNP in 1991 may reach 5 percent, and the actual growth rate of the total industrial output value may be higher than 7 percent. That is, both figures may be higher than the 1990 level. The economic development in 1991 may be roughly divided into three stages—from January to April, the economic growth will continue to maintain the tendency toward recovery; from May to July, such comprehensive indicators as the total industrial output value will increase at a peak rate; and from August to December, the economy will continue to increase at an intermediate rate.

To understand and analyze the current economic situation correctly, it is necessary fully to note the achievements of China's reform and opening up in the past more than 10 years. The achievements are also reflected in some new changes appearing in the nadir stage of the economic growth. Since the founding of new China, China's economy has undergone three rounds of major adjustments. The first was in the early 1960's, and the second was in the early 1980's. The current one is in the early 1990's. During the three major adjustments, the economy fell into a low valley after undergoing overheated growth; however, some gratifying changes that were not seen in the previous two nadir periods appeared in the recent nadir stage.

—Dynamism still existed in the aspect of supply—that is, while brakes were slammed on to check the aggravating inflation, the national economy still maintained a certain degree of growth. In 1988 and 1989, the gross national retail price index reached as high as 18.5 percent and 17.8 percent, separately. Through economic improvement and rectification, the inflation tendency was rapidly brought to a halt. In 1990, the increase rate of prices declined by a substantial margin. It is expected that prices increased by merely 3 percent in the whole year. A major reason why the increasing tendency of the prices could be swiftly brought down from the double-digit level was the existence of dynamism in the aspect of supply. In the last economic valley, although there were some negative monthly figures, the annual figures still showed a certain degree of positive growth. Take the annual growth rate of the total industrial output value as an example. During the economic valley in the early 1960's, the annual rate in 1961 was -38.2 percent; that in 1962 was -16.6 percent; during the economic valley in the early 1980's, that in 1981 was 4.3 percent; however, in the 1990 economic valley period, an intermediate growth rate of 6 percent was recorded. In the early 1960's and in the early 1980's, commodities were in serious shortage, and market supply was extremely strained; however, in the recent valley period, the situation may be described as market slackness or may also be described as ample supply of commodities. To a certain degree, there was a buyer's market.

—The people's consumption level and living quality improved markedly. The slackness of the consumer goods market in the recent valley period also showed that the consumption level of urban and rural residents had been substantially raised; great changes had occurred in the consumption structure; and the selectiveness of consumption had been greatly increased. This state of affairs was essentially different from the conditions of the major economic adjustments in the early 1960's and in the early 1980's.

—"Industry of other economic elements" with the three types of enterprises with foreign investment as the main body continued to maintain a high growth rate even during the valley period. In the early 1960's, there was no foreign-funded enterprise in China; in the early 1980's, such enterprises were just in the embryonic stage. Over the past 10 years, the three types of foreign-funded enterprises rapidly developed in the course of reform and opening up, and their role became more and more salient. From January to September 1990, industrial production generally increased by 3.1 percent, but the output value produced by the "industry of other economic elements" which are mainly composed of the three types of foreign-funded enterprises increased by 43 percent. They contributed 1.3 percentage points to the 3.1 percent gross industrial growth of the whole nation. In September alone, such "industry of other economic

elements" contributed 2.5 percentage points to the gross industrial growth rate of 7.5 percent in the whole country, and accounted for one-third of the growth.

Stabilizing the Economy, Keeping an Intermediate Speed of Economic Growth

The growth speed in the next 10 years is the most sensitive issue for the economists. Zhang Zhuoyuan, a famous economist, warned that **according to the experience of various countries in the world and especially the experience of developing countries, an intrinsic expansion impulse exists in the social economy; so if control and management over economic growth are not strengthened, the economy is apt to become overheated.**

Zhang Zhuoyuan held: In 1991 and in the entire period of the Eighth Five-Year Plan, stabilizing the economy should be taken as the primary objective of the state's macroeconomic policy. For this purpose, we must prevent the economy from growing at a speed higher than the intermediate speed, the reappearance of the overheated economic conditions, and the gross quantitative disequilibrium; we must guard against and prevent the comeback of inflation; and we must consistently keep the increase rate of retail prices below the double-digit level. This will not only be favorable to the sustained, stable, and harmonious development, but also to the smooth advance of the economic reform.

To stabilize the economy, we should first control the economic growth speed—mainly, the industrial growth speed. According to China's experience, the appropriate economic growth rate should be 5 percent to 6 percent, and this is also a feasible growth rate under the objective conditions during the period of the Eighth Five-Year Plan and in the whole decade of the 1990's. In the 1990's, China will realize the second-phase objective in its three-phase development strategy. That is, by the end of this century, the GNP will be quadruple of that in 1980. In 1980, China's GNP was 447 billion yuan; if the GNP is quadrupled in the year 2000, it will increase to 1,788 billion yuan. According to the 1980 price level, China's GNP in 1989 was 1,002 billion yuan and increased by 124 percent over that in 1980 or by an average annual rate of 9.38 percent. That is, the target of doubling the GNP was fulfilled ahead of time. In 1990, the GNP increased by about 5 percent over the previous year and reached 1,052 billion yuan. Beginning in 1991, if the average annual growth rate is 5.5 percent, then we shall be able to realize the objective of redoubling the GNP by the end of this century. Such objective conditions can reduce people's anxiety for seeking a higher growth speed, and especially make them less anxious for stimulating the high-speed economic growth by adopting an expansive macroeconomic policy.

In general, China's annual GNP growth rate is somewhat lower than the growth rate of the total industrial and agricultural output value in the same period. In the past, the difference was about two percentage points; in the 1990's, it is expected that the difference will be 1.5

percentage points. Thus, to ensure that the GNP will increase by an average annual rate of 5.5 percent, the average growth rate of the total industrial and agricultural output value should reach 7 percent. It is expected that in normal circumstances, China's agricultural production will increase by an average annual rate of 3.5 percent to 4 percent. As the appropriate ratio between industrial and agricultural development should be two to one or 2.5:1, the annual growth rate of industrial production is thus required to exceed 7 percent, and it is better if it could stay at the level of 8-9 percent.

In general, the growth rate of the national income is equivalent to the growth rate of the GNP. If the population growth is brought under effective planned control, the intermediate-speed economic growth will still raise the per capita national income in the 1990's by about 50 percent, and the people's living conditions can thus be raised to the comparatively well-off level. Presently, the prominent problem in China's economic development does not lie in the growth speed, but in the disequilibrium of the industrial structure and the low economic results. Such basic industries and basic facilities as agriculture, transport, communications, and the production of energy and raw materials are still in a backward condition, and there remains a substantial gap between supply and demand. Between 1986 and 1988, the average increase rates of China's total agricultural output value and total industrial output were separately 4.36 percent and 16.65 percent, and the ratio between the two sides was 1:3.8, obviously lower than the normal level. The average increase rates of the railway freight volume and the GNP were separately 3.5 percent and 10 percent, and the ratio between the two sides was 0.35:1, which was lower than the 0.5:1 bottom limit of a proper condition. The energy elasticity index was 0.4, lower than the level of 0.61 in the period of the Sixth Five-Year Plan. All this showed that the backward condition of the basic industries had become a serious obstacle to the smooth development of the national economy. Therefore, the adjustment of the industrial structure should be taken as the central link of economic development in the period of the Eighth Five-Year Plan.

Since economic improvement and rectification began, China has made progress in strengthening agriculture. In 1989 and 1990, the total agricultural output value increased by 3.1 percent and 5 percent respectively, while the total industrial output value in the same periods increased by 8.5 percent and 6 percent. Thus, the ratio between agriculture and industry was brought back to a normal level. Certain improvements were also made in the ratios between other basic industries, such as energy, communications, transportation, and raw material production on the one side and the manufacturing industry on the other; however, the improvements were still not obvious enough. That is to say, the objective of adjusting the industrial structure through the adjustment of asset stocks has not been achieved yet, and the work of adjusting the industrial structure through the adjustment of asset increments has not made substantial progress

either. Attaching importance to and strengthening agriculture, properly restraining, reorganizing, and transforming the blind development of manufacturing industry will continue to be our major tasks in the future.

To settle the problem of low economic results, we need first to adjust properly the industrial structure and improve the results of resources distribution, and we also need gradually to raise the microeconomic operational results through improving the enterprise mechanisms, promoting technological progress, and strengthening management. The State Council decided to make the year 1991 a "Year of Quality, Variety, and Economic Results." This will mark a very good beginning.

The Market Orientation in Reform

The economists attending the symposium generally held that the disequilibrium of the industrial structure and the low economic results constituted the main obstacle to China's economic development, and the settlement of these difficult economic problems at the deep level can only rely on in-depth reform; however, there were different opinions in the economic theoretical circles in the previous period over the issue of whether reform should continue to adhere to the market orientation, and some people were even opposed to the continuation of the market orientation in reform. In light of these viewpoints, scholars attending the symposium repeatedly stressed that reform must adhere to the market orientation.

Dai Yuanchen, a famous economist, held that **China's economic structural reform, observed from the angle of economic operation, is always a market-oriented reform which turns the exclusive planned regulation to a certain degree of using the market as a regulatory means.**

In the last two years, although China slowed down the pace of the market-oriented reform because measures were taken to curb inflation which became too serious in 1988 and also intensified planned control in some aspects. All this was just temporary. As the historical trend has shown, the socialist economy cannot solely use the planning mechanisms for economic regulation, because this will make economic operation clumsy and lower the efficiency. In these circumstances, the people will have to pay the costs of raising their living standards very slowly, and the state will have to pay the costs of lagging far behind the developed countries. Therefore, the economy must be invigorated through market-oriented reform, and this is an irreversible and irresistible trend.

When advancing the market-oriented reform, we need to pay attention to improving the combination of planning and market to maintain effective control over the economy. A few years ago, there was a naive idea. It seemed to some people that as long as the compulsory plans were removed, the market mechanisms would naturally play a regulatory role and bring about all sorts of benefits to the economy. There appeared a disorderly condition in the market and a chaotic condition in economic life, however. Then, some people tended to negate the market, and opinions on getting rid of the market again

appeared. This was a profound lesson. Of course, the use of market mechanisms can bring about huge potential dynamism and boost the productive force. The market mechanisms can also play a role in balancing supply and demand of commodities, bring the talent of enterprise managers into play, and arouse the work enthusiasm of workers. **The market is not a panacea for resolving all difficulties and problems in economic work, however, and the market orientation of the reform does not mean that all problems in the course of reform can be solved through the market.** The market cannot ensure the stability of the overall economy; instead, it may give rise to price fluctuations and unemployment, to the alternation of boom and bust, to financial and credit imbalances, and to huge differences in personal incomes. That is to say, even though the market mechanisms operate perfectly and flexibly, they still cannot effectively regulate a wider scope of economic activities, because such economic activities go beyond the cognitive vision and the decision-making ability of the microeconomic entities. At the same time, the rules for market operation cannot be created by the market itself; the market cannot automatically prevent and eliminate monopoly, and cannot check speculative activities; the short-term effectiveness and uncertainty of market regulation always brings spontaneity to the market. The forming of market rules, the establishment of the market order, and the enhancement of the planned character of the market all require the government's intervention and control in a planned way. Therefore, in the course of carrying out the market-oriented economic structural reform, we still need to reinforce the government's planned control over the economic operation.

Planning and market should be combined. In practice, planning and market are often separated, and even often come into friction or conflict—that is, it is not easy to combine the two properly. In view of the interest relations, although consideration needs to be given to interests of various quarters in the formulation of plans, the main consideration is still to safeguard the overall interests; however, when participating in the market activities, various economic entities mainly give consideration to their own interests. Therefore, the key to realizing the combination of planning and market lies in the proper coordination of the overall interests and the partial interests. Our practice in the past many years has shown that when gross supply and gross demand are basically suited to each other and the economy is developing stably, it is easier to coordinate different interests; but when the gross demand increases excessively and inflation is too high or when economic recession is brought about by the retrenchment policy, there are more interest conflicts, and it is not easy to coordinate different interests. We have also found that when the state possesses sufficient financial resources, its macroeconomic control will encounter less resistance, but when the state is short of financial resources and cannot but exercise economic control by administrative means, there will be more interest conflicts; and when the price structure is distorted, it is not easy to coordinate different interests.

and the rationalization of the price structure will be favorable to the combination of planning and market. Moreover, violent interest conflicts may also appear when the growth of the market system remains at a low level, normal business competition has not taken shape, and abnormal and excessive competition disrupts the market order. If there is merely commodity market and no fund market, technology market, labor market, and market for other production factors, the market system is imperfect and is susceptible to changes in supply and demand and apt to cause price fluctuations. Then, its role of promoting the adjustment of the supply structure through the price lever will become very limited. Therefore, we not only need to study the proper forms of the combination of planning and market, but also need to create good conditions for such combination. An important task in China's economic adjustment is to create an environment of smooth economic development for the better combination of planning and market.

Options of the Large and Medium-Sized State-Owned Enterprises

The conditions of China's large and medium-sized state-owned enterprises are rather worrisome. At present, production and business operation of these enterprises remain in a very difficult position. In 1990, the total national industrial output value increased by 6 percent over the previous year, but industrial enterprises owned by the whole people increased their production only by slightly more than 2 percent; and 35 percent of the large and medium-sized enterprises included in the state budget incurred business losses. Their profits and tax contributions between January and November decreased by 18.8 percent as compared with the same period of the previous year. The petroleum industry and the coal industry incurred losses, and the machine-building industry produced under capacity to a serious degree. The profit margin of the light and textile industry declined to a level below 10 percent, because it could not offset the effect of the rising costs of the raw materials.

How should we free the large and medium-sized enterprises from the current predicament? There are currently mainly three ideas in China. First, adopting the policy of protecting and supporting the large and medium-sized enterprises through tightening up administrative control. This includes such measures as ensuring the supply of raw materials and energy for these enterprises, increasing loans to meet their needs for working funds, reducing or exempting taxes imposed on their profits, and allocating more funds for their technical transformation and capital investment. Second, reshaping the ownership forms of the state-owned enterprises by clearly defining their property rights. Some people even suggested that the property rights can be shifted to the hands of individuals through privatization, thus thoroughly changing the microeconomic operational mechanisms. Third, further pushing the large and medium-sized enterprises into the market, and completely separating enterprise management from government administration, thus turning the large and medium-sized

enterprises into really independent commodity producers and dealers who bear sole responsibility for their own profits and losses.

Lu Zheng, associate researcher of the Industrial Economics Institute, held that the first two options are unadvisable, and the only option is to continue advancing the market-oriented reform; however, he said, when the large and medium-sized enterprises are moving into the market, an important point is to handle properly the form of the combination of planning and market. In this respect, he put forward three possible options:

First, to eliminate the disorderly and anarchic conditions of economic operation, to strengthen control over the process of economic operation and basically restoring the highly centralized planning and management system, with a certain scope of the market and some enterprises being decontrolled to an appropriate degree. Some fundamental defects exist in such a system, however. It dampens the economy's internal dynamism, lowers economic efficiency, and is out of keeping with the requirement of the law governing the socialist commodity economy. The practice in the several decades before reform showed that the highly centralized structure of the planned economy could not effectively ensure the stable and harmonious development of the national economy. Marked changes have occurred in China's economic pattern. The rural economy has changed from a collective economy based on the combination of administrative and productive units with production teams as the basic accounting units into household operation based on the output contract responsibility system. Relations between industry and agriculture are mainly based on the exchange of commodities. It is no longer possible to use the traditional administrative means to exercise state monopoly over the purchase of agricultural products to ensure the development of urban industry. In the sector of industry, the output value produced by enterprises owned by the whole people accounts for less than 60 percent of the total industrial output value, and they employ just 48 percent of the work force; on the other hand, workers employed by collective enterprises in cities and towns account for 32 percent of the total number of industrial workers. Moreover, in recent years, rural industry has been rising rapidly. The ownership structure of industry as a whole has undergone major changes. Even in the traditional structure where the industrial output value produced by enterprises owned by the whole people accounts for more than 80 percent, centralized planned management can still hardly play an effective role in managing the industrial sector owned by collectives. Therefore, it is hard to restore the highly centralized system of planning and management.

Second, combining the planned economy with market regulation in a way of putting the two blocs together—that is, part of the national economic activities is subject to planned regulation, and another part of the national economic activities is subject to market regulation. In the course of operation, the scopes of planned regulation

and market regulation may be expanded and narrowed. This option can only be a transitional model, because the combination of planned regulation and market regulation as two blocs being put together is in fact a compromise arrangement in the realities of the inadequate and immature development of the socialist commodity economy in China. Obvious defects exist in such an arrangement. First, when planned management is only exercised over the part of economic activities concerning the state's economic lifeline and the people's livelihood, with the economic activities of a large number of small and medium-sized state-owned enterprises and non-state-owned enterprises being subject to market regulation, planned management can only cover part of the economic activities and the overall economy is half subject to planned regulation and half subject to market regulation as major changes have occurred in China's economic elements. The national economy is an interrelated and organic entity, and the law of value will inevitably make the market mechanisms disrupt planned regulation. As a result, the planned economy will just become a nominal one. Second, the operation of the two different sets of mechanisms side by side will inevitably cause various frictions and conflicts in economic life, and will then give rise to a series of contradictions in the distribution of resources, structural transformation, the circulation of products, and the distribution of income. This will then add more difficulties to the state's control over the process of economic operation and will cause instability in economic development.

Third, gradually realizing the organic combination of the planned economy with market regulation. As a rather ideal target model, planned management and market regulation should cover all economic activities in society; however, plans at the current stage can only be rough plans. In the complicated and changeable economic activities, plans should cover a wide scope but should not cover too many details. The more detailed a plan, the more easily it becomes an unrealistic one and thus loses its guiding role and binding force. Therefore, plans should mainly deal with the issues concerning the overall situation of the national economy; such microeconomic issues as production and business operation in various enterprises should mainly be guided and regulated by the market mechanisms. So this model can also be generalized in this way: Macroeconomic control is mainly exercised through plans, and microeconomic regulation is mainly conducted through market.

It Is Time To Deepen Reform

Economist Zhang Zhuoyuan pointed out that only by deepening reform and establishing a new system of a planned commodity economy can we really bring the economy into a benign cycle.

First, it is necessary to advance the price reform. This includes the following points:

—Further adjust and raise the prices of basic products—that is, the prices of crude oil, coal, raw materials,

transport fees, and grain (the part purchased by the state), so that people will be prompted from economic interests to quicken the development of such basic products and basic facilities which have been in short supply for a long time, to promote the rationalization of the industrial structure and the product structure, and to reasonably distribute social resources.

—Continue to decontrol the prices of the products whose supply is basically in keeping with demand or whose supply is highly elastic and will not affect the state's economic lifeline and the people's basic livelihood although not meeting demand. The commodities whose prices were decontrolled in 1989 and were later brought back under control should first be decontrolled successively again. The proportion of commodities whose prices are wholly or partly subject to market regulation should be raised from about 50 percent at present to about 70 percent in the period of the Eighth Five-Year Plan.

—Gradually abolish the double-track pricing system for industrial producer goods, with most products being shifted to the market track and a small number of products being shifted to the planning track. This process can be combined with the adjustment of some basic products' prices that are too low and with measures for narrowing the price gap in the double-track system. Therefore, for the products that are to be shifted to the market track, the price adjustments are aimed at preparing conditions for lifting the price controls. Presently, it is necessary to prevent the tendency to merely shift double-track pricing to the planning track.

—Gradually rationalize relations between purchasing and selling prices, turn invisible price subsidies to visible subsidies, and reduce price subsidies. Price subsidies should only be applied to a small number of the most important daily necessities in the people's lives, such as food grain for residents and the fees charged for certain public utilities. Even the supply of food grain for residents at the low prices should be gradually reduced, and the gap between the purchasing price and the selling price should be narrowed. This will be of great importance for properly guiding the residents' consumption and adjusting their consumption structure.

Second, it is necessary to positively advance the enterprise reform. This mainly includes the following points:

—Continue to invigorate enterprises, especially the large and medium-sized state-owned enterprises. The laws, regulations, and policies that have been promulgated for invigorating enterprises must be seriously implemented. Governments should create the necessary environment and conditions for separating the functions and responsibilities of enterprises from those of the government institutions, separating the right of management from

ownership, and promote the competition between state-owned enterprises and between state-owned enterprises and non-state-owned enterprises.

—Continue to adjust the ownership structure, and develop non-state-owned enterprises in light of the state's industrial policy. It is first necessary to make continuous efforts to develop township and town enterprises. This will bring China's resources advantages in various localities into full play and will meet the needs in shifting the surplus rural labor force and accelerating the development of rural industrialization. It is necessary to continue to guide and encourage the individual economy and the private economy to make positive development within the limits prescribed by the state. At the same time, it is necessary further to open up to the outside world, improve the investment environment, perfect the investment and relevant taxation policies, prompt the three types of foreign-funded enterprises to increase export-oriented and import-substituting production, and to develop in the trades that play a leading role in making technological progress and in improving the construction of urban infrastructural facilities.

—Improve the enterprise management contract responsibility system. The contract system should be gradually developed from tax-profit contracts to asset-yield contracts, and the contracts should include the targets for the enterprises' medium-term and long-term development, technical transformation, and equipment maintenance, thus restraining the short-term behavior. It should be made clear that in China, the contract system does not represent the long-term orientation and target of the enterprise reform; instead, it is merely a realistic option at the current stage. It is necessary to gradually create conditions for the transition from the contract system to the joint-stock system under which enterprise management is separated from government administration and property right relations are more clearly defined.

—Continue to spread the leasing system among labor-intensive small enterprises. The rents should not only be fixed according to the fixed assets and working funds, but should also be fixed according to various differential yields, such as the locations and patents of the businesses. Enterprises which have incurred losses for a long time due to poor management can be auctioned.

Third, it is necessary to advance the reform of the macroeconomic control mechanisms. This includes the following points:

—Banking reform. We need to reform the banking system and strengthen the macroeconomic regulatory function of the central bank by raising its status and expanding its power for deciding the monetary policy for maintaining basic price stability. The system for managing currency issuance should be reformed, and

the additional amount of currency should be determined by the economic growth rate. With the expansion of credit relations, the amount of currency should not be merely the amount of cash; instead, the amount of currency should be gradually measured with the indicator of M1 (cash plus current accounts). Both cash issuance and current accounts should be brought under control in order to determine the appropriate total amount of currency issuance. "Policy-determined loans" should be distinguished from "commercial loans" to prevent the replacement of soft bank restraints for soft financial restraints and to reduce or even eliminate the cases in which bank loans are used to support the operation of enterprises which incur business losses from poor management. Correspondingly, it is necessary to divide the banks into banks that operate according to the state policies and commercial banks. The former mainly provide loans for purchasing agricultural products, supporting the poor and remote localities and the minority-inhabited localities, and developing new industries and new products; while the latter are required to develop in the orientation of bearing responsibility for their own profits and losses and keeping the credit balance through their independent management. Conditions should be created for gradually turning specialized banks into profit-making enterprises. Administrative obstacles to the business competition among the commercial banks should be removed.

—Financial reform. Double budget should be adopted. There must be no deficit in the constant budgets (or the so-called "budget for eating"), and measures should be adopted to ensure that there is a certain surplus. The construction budget should be covered by collecting fees from the use of state assets and by raising funds through issuing bonds and shares; however, money cannot automatically come from bank overdrafts. Financial relations between the central and local authorities should be reformed, and the current revenue quota system for the local authorities should be replaced with the tax division system between the central and local authorities in light of the projects they separately undertake. At present, the system of "tax division and revenue quota assignment" can be taken as a transitional form. Product tax, value increment tax, business tax, consolidated industrial and commercial tax, resources tax, and salt tax should be shared by the central and local governments according to different proportions determined by the different economic conditions of various localities. The tax rate for enterprises should be unified, and the abnormal situation in which state enterprises bear heavier tax burdens than collective enterprises, collective enterprises bear heavier tax burdens than individual businesses, and domestic-funded enterprises bear heavier tax burdens than foreign-funded enterprises should be changed. State-owned enterprises should gradually adopt the measures of dividing taxes and profits, repaying loans after paying taxes, and concluding after-tax management contracts.

Fourth, it is also necessary to actively establish the social security system and promote the reform of the labor and wage system.

To ensure that the economic structure reform will be able to advance steadily and to ensure that the mechanisms of keeping the good and eliminating the bad can function and that equity and efficiency can be organically combined, it is urgently necessary to establish a social security system and to advance the reform of the labor and wage system. The social security program should be brought under the management of the central government rather than various local governments. All kinds of enterprises, including state-owned enterprises, collective enterprises, foreign-funded enterprises, private enterprises, and individual businesses should all make payments to the social security fund, which should be managed and used in a centralized way. A special government department should be set up to manage the social security fund and ensure the maintenance and increment of its value through taking such measures as purchasing government bonds. At the same time, we should be resolved to establish and develop the labor market and to allow both sides to make two-way free selections. In the public economy, it is necessary to seek better forms of implementing the principle of distribution according to work.

Corresponding to the above reform steps, it is still necessary to speed up the pace of reforming the urban housing system. The reform of the urban housing system will reduce the state's financial subsidies, improve residents' consumption structure, retrieve currency in circulation, tap stable financial sources for housing construction, and quicken the pace of housing construction. In the future, it is necessary to sum up gains and losses in this aspect of reform over the past few years to quicken the pace of reform. The first step should be to raise rents; at the same time, wages should be adjusted (tens of billions of yuan of housing subsidies each year can be used for this purpose). Workers who occupy larger housing floor spaces will thus have to increase their expenditure, while workers who occupy smaller housing floor spaces will increase their income. This will promote the commercialization process of housing and promote the development of the urban real estate market.

In addition, it is necessary to continuously advance the reform of the planning system, the investment system, the material distribution system, and the foreign trade system. The rural reform based on the work of consolidating and improving the household output contract system should be further deepened. All such reforms will effectively promote the formation of a benign economic cycle and ensure the sustained, stable, and harmonious development of the national economy over a long time.

Commerce Ministry Urges Building Stores

*OW1303000891 Beijing XINHUA in English
1607 GMT 12 Mar 91*

[Text] Beijing, March 12 (XINHUA)—China commercial department plans to set up 13.1 million retail stores and snack bars by 1995, according to an official in the Ministry of Commerce.

Statistics show that there were 11.38 million retail stores and snack bars in 1989.

A regulation of the State Council says that seven percent of areas of newly-built dwelling houses in cities should be allocated for commercial use, or equivalent investment and materials are allocated to build retail stores.

So far more than 60 cities in China did well in carrying out the regulation. According to the uncompleted statistics of Beijing, Wuhan, Nanjing and other 50 cities, from 1982 to 1989, altogether one billion yuan and six million square meters for the construction of retail stores had been collected. 13,000 grain shops, non-staple food stores and so on were built or rebuilt in these cities.

However, the official in the ministry said that the commercial networks are shortage in bulk of the cities in China. According to statistics, so far average every 1,000 people in China possess 10.23 retail stores, lower than the level of 1957—every 1000 possess 12.

He said that the country will take special measures for the trades of popular low-priced breakfast, hairdressing and common bathing pool, such as reduction or exemption from taxes.

Jiangxi, Tianjin Stress Agricultural Production

*OW1303055491 Beijing XINHUA in English
0412 GMT 13 Mar 91*

[Text] Beijing, March 13 (XINHUA)—Along with the approach of spring, local governments in China have called for greater efforts to maintain the development rate of agriculture and to bring the initiative of farmers into full play.

The Jiangxi Provincial Government recently decided to promote agricultural production further by using scientific and technological methods, and helping more farmers to lead a better life. The provincial government also called on grassroots leaders to do an even better job in providing technology and information on production, and in developing quality agricultural products.

Tianjin City, which is located in north China, has recorded remarkable achievements in reclaiming waste land, mountains, and land from the sea.

Since 1984, the city has improved over 25,000 hectares of farm land and increased grain production by 119 million kilograms. The city has also reclaimed over 16,000 hectares of land from the sea, and has increased the total output of aquatic products from 6,000 tons in 1983 to 54,600 tons at present. In addition, more than 15,000 hectares of fruit trees have been planted and fruit production has increased by over 50 million kilograms.

East Region

Jiangxi Governor Reports to People's Congress

HK1203064191 Nanchang Jiangxi Provincial Service in Mandarin 1100 GMT 7 Mar 91

[Excerpts] Spring scenery in March shows that everything looks fresh and gay. The fourth meeting of the seventh provincial People's Congress, which has become the focus of attention for the people of the whole province, was solemnly opened in Nanchang's 1 August Auditorium this morning. [passage omitted]

At 0730, entrusted by 37 million Jiangxi people, more than 500 people's deputies from various parts of the province entered the auditorium with full confidence. Executive chairmen of the meeting today included Mao Zhiyong, Xu Qin, Liu Fangren, Wang Zemin, Pei Dean, Huang Xiandu, Wang Guoben, Wang Zhongfa, and Lu Xiuzhen. They were seated on the front row of the rostrum. [passage omitted]

The opening session was presided over by Xu Qin, executive chairman of the presidium. He said: Fellow deputies, the number of people's deputies who should attend the fourth meeting of the Seventh Jiangxi Provincial People's Congress is 593 persons. But 65 deputies asked for leave of absence or sick leave. The actual number of deputies attending the present meeting is 528 persons. This has constituted a quorum. Now, I announce the opening of the fourth meeting of the Seventh Jiangxi Provincial People's Congress. [passage omitted]

After that, Xu Qin announced the agenda of the meeting which included the following four items: First, provincial Governor Wu Guanzheng delivers a government work report; second, Wang Zhiqian, chairman of the provincial planning commission, delivers a report on the implementation of the provincial economic and social development plan in 1990, and the draft plan worked out for 1991; third, (Wang Hong), director of the provincial financial department, delivers a report on the implementation of the budget for 1990, and explains the draft financial budget for 1991; fourth, examining and discussing Jiangxi Province's 10-Year Draft Program for Economic and Social Development. After that, he invited provincial Governor Wu Guanzheng to deliver his government work report.

Wu said: Fellow deputies, on behalf of the provincial people's government, I submit a provincial government work report to the meeting for attendees' examination and discussion.

Wu Guanzheng's report was divided into three parts: First, the work in 1990 and the fulfillment of the Seventh Five-Year Plan; second, the objectives of our province's 10-year program and the Eighth Five-Year Plan, and the main points for development; third, the tasks for economic and social development in 1991.

While reviewing the work last year and the fulfillment of the Seventh Five-Year Plan, Wu Guanzheng pointed out: We continued to make solid steps in the general battle for agricultural development throughout the whole year. On the basis of a bumper harvest, our agricultural production climbed one story higher. We maintained a proper industrial growth despite difficulties. In 1990, production output value of enterprises under ownership by the whole people was 42.2 billion yuan, an increase of 6.6 percent over 1989. Investment of the whole society in fixed assets was 7.247 billion yuan. Our market was gradually invigorated, and the margin of price hikes has been gradually reduced. There was a balance between our financial revenues and expenditures, and our reform continued to deepen. We constantly expanded our opening up. There was a new development in our undertakings such as science, education, culture, public health, sports. We further strengthened the building of spiritual civilization. We further improved our socialist democracy and legal system, and our social order was basically stable. [passage omitted]

Wu continued: While affirming our achievements, we should soberly realize that there is still a grim aspect in our economic situation as a whole. Sluggish sales of some commodities have not been improved, and some enterprises are still at a low ebb. The progress of the readjustment of our economic structure is still slow, and our population increase is still too fast. There are new difficulties in making employment arrangements. There are problems which should be urgently solved in developing a clean and honest government administration, improving work style of organs, correcting unhealthy trends in trade and services, strengthening social order, and so on.

In his speech, Wu Guanzheng also expounded our province's targets and focal points of development in the 10-year program and the Eighth Five-Year Plan in our province. [passage omitted]

In his report, Wu Guanzheng stressed that the main points for economic construction and social development of the province in the coming 10 years are: First, we should continue to fight a general battle of agricultural development; second, we should fight a battle of storming heavily fortified points regarding industrial readjustment and enhancement; third, we should further strengthen construction projects for basic facilities; fourth, we should speed up scientific and technological progress and training of talented personnel. He emphasized: To fulfill the 10-year program and the Eighth Five-Year Plan, we should deepen our economic structural reform and expand our opening up.

In the third part of his government work report, Wu Guanzheng proposed the targets for our province's social and economic development in 1991. These main targets are: GNP should be 4.5 percent higher than 1990, and we should strive for a 5.5 percent increase. Total industrial and agricultural production output value will increase by 5.4 percent, and we should strive for a 7 percent increase.

Agriculture will increase by 3.5 percent, and we should strive for a 4 percent increase. Industry will increase by 6 percent, and we should strive for an 8 percent increase. Financial revenues will increase by 6.5 percent, and we should strive for an 8 percent increase. According to the initial arrangements made by the state, our investment in fixed assets should be 21.6 percent higher than early last year. Total volume of retail sales will increase by 7.3 percent. According to our plan, our export will reach \$536 million, and we should strive for \$600 million. The margin of increase of general level of retail prices will be controlled within the range of 6 percent. Per capita net income of peasants will reach 700 yuan. Natural population growth rate will be controlled within the scope of 1.57 per 1,000.

In conclusion, Wu Guanzheng said: Fellow deputies, we are facing a glorious and arduous task. We should conscientiously implement the spirit of the Seventh Plenary Session of the 13th CPC Central Committee. Under the leadership of the CPC Central Committee, State Council, and Jiangxi Provincial CPC Committee, people of the whole province should further inspire their spirit, work together with one heart, and forge ahead. With higher fighting will, faster pace, and stronger sense of responsibility, they should fully accomplish this year's tasks of development. They should strive hard for the invigoration of Jiangxi. [passage omitted]

Taian City Elects Congress, CPPCC Officials

SK1103043791 Jinan Shandong Provincial Service
in Mandarin 2300 GMT 10 Mar 91

[Text] At the fourth session of the 11th Taian City People's Congress, which was held recently, the participating deputies elected (Xue Yunzhi) chairman of the city People's Congress Standing Committee. (Li Zhijia) and (Zhou Changhui) were elected vice chairmen.

At the fourth session of the Seventh Taian City Chinese People's Political Consultative Conference [CPPCC] Committee, the participating members elected (Liu Liantang) vice chairman of the city CPPCC Committee.

Zhu Rongji Attends Industrial Enterprise Meeting

OW1203080391 Shanghai City Service in Mandarin
1000 GMT 11 Mar 91

[From the "News and Weather" program]

[Text] This afternoon at the Jinan Gymnasium, the municipal government held a high-spirited meeting on the work of industrial enterprises to mobilize cadres and workers on the industrial front to carry out activities of the "Year of Quality, Variety, and Efficiency," to stop a decrease in economic results, and to strive to fulfill the various tasks in this year's industrial production.

Zhu Rongji, secretary of the municipal party committee and mayor of the municipality, attended and addressed the meeting.

Gu Chuanxun, vice mayor, presided over the meeting.

At the meeting, Yu Yongliang, chairman of the municipal economic commission, made a report on the guidelines of a national conference on the work of enterprises.

Huang Ju, deputy secretary of the municipal party committee and vice mayor of the municipality, made a report entitled "Effectively Carry Out Activities of the Year of Quality, Variety, and Efficiency and Strive To Increase the Vitality of Enterprises and Achieve Better Economic Results."

Huang Ju pointed out: Industrial departments should effectively carry out activities of the "Year of Quality, Variety, and Efficiency" as an important measure to invigorate large- and medium-sized enterprises and to stop economic results from decreasing. We should see to it that we endure difficulties this year, change the situation next year, and extricate ourselves from the difficult position the subsequent year. To this end, the municipal government has decided to achieve these seven goals:

1. While manufacturing marketable products and improving product quality, we should increase our total industrial output value by 4 percent over last year. State enterprises in the municipality should strive to increase their productive forces to some extent.
2. The amount of profits and taxes paid by the industrial enterprises included in the municipal budget, should not be less than that of last year. The revenues paid by all industrial enterprises in Shanghai to the municipal government should exceed those of last year.
3. The value of industrial products to be exported this year should not be less than that of last year. Industrial export enterprises and trade companies operated by the municipality should also increase their earnings in foreign exchange.
4. Various enterprises should decrease their operating funds and increase the turnover rate of their circulating funds by 4 percent over last year.
5. Six billion yuan will be invested in technical transformation.
6. Efforts should be made to improve steadily the quality of major industrial products, and 99 percent of key products should meet the planned quality standards.
7. By economizing or using less energy, 500,000 metric tons of standard coal should be saved. The comprehensive energy consumption of industrial enterprises should decrease from 2 percent to 3 percent.

Huang Ju pointed out: To achieve the seven goals, we should conscientiously carry out four measures.

1. We should vigorously readjust the product mix, manufacture marketable products, and ensure the supply of essential goods.

2. We should continue to implement the principle of quality being the lifeline of Shanghai, improve product quality in a comprehensive way, and open new markets and achieve better economic results by doing so.

3. We should operate factories strictly and strengthen internal enterprise management.

4. We should strengthen our leadership over activities of the "Year of Quality, Variety, and Efficiency." All enterprises, especially the more than 800 local large- and medium-sized enterprises, should set their objectives and measures to stop their economic results from decreasing according to their actual conditions.

Huang Ju pointed out: The municipal party committee and the municipal government have decided to increase the vitality of large- and medium-sized enterprises as the focus of the municipality's work.

He said: In addition to implementing the eight measures adopted by the national conference on the work of enterprises, the municipal party committee and the municipal government have decided to take measures in seven aspects to assist enterprises in stopping their economic results from decreasing. The seven measures are to support enterprises to develop new products; accelerate technical transformation; support enterprises to merge; allow enterprises to exercise decisionmaking power; reduce enterprises' burdens; continue to deepen reform and increase the number of units selected for carrying out reform; and further consolidate and develop enterprise groups.

Shanghai 1990 Development Communique

OW0903231191 Shanghai JIEFANG RIBAO in Chinese
26 Feb 91 p 3

[Communique on statistics of 1990 economic and social development in Shanghai Municipality—dated 25 February 1991]

[Text] In 1990, the people throughout Shanghai made further efforts to implement the policy of improving the economic environment, rectifying economic order, and deepening reform under the leadership of the CPC Central Committee, State Council, the Shanghai municipal party committee, and the Shanghai Municipal People's Government. They devoted their efforts to "readjustment, consolidation, management, and reform," became united to struggle, and overcame difficulties. As a result, a certain growth rate of industrial production was maintained, while a bumper harvest was achieved in all branches of agriculture. The domestic trade market gradually revived, economic relations with the outside world further expanded, the project of developing the Pudong area was started, and smooth progress was made in urban infrastructural construction. In the meantime, living standards continued to improve, and new achievements were scored in science and technology, education, culture, public health, sports, and other undertakings. According to initial calculations, the GNP for the year

amounted to 73.7 billion yuan, up 3.1 percent compared with the preceding year. The municipality's total income was 61.4 billion yuan, exceeding the preceding year by 2.1 percent. Major problems in economic development were: The circulation of funds was not ideal, more products were overstocked, and there was a drop in economic efficiency.

1. Industry

In 1990, industrial departments made positive efforts to readjust the proportion of different products, and overcome difficulties due to a sluggish market and shortage of funds. These efforts were rewarded by a steady upturn in production. The gross industrial production value for the year stood at 163.294 billion yuan, showing a 4 percent rise over the preceding year (if industries at and below the village level are excluded, the amount was 151.553 billion yuan, or 3.7 percent more than the preceding year), meeting the annual production target. Of this amount, the gross production value of heavy industry was 78.528 billion yuan, and that of light industry 84.766 billion yuan, exceeding the preceding year by 4.6 and 3.6 percent respectively. Of the total industrial production value, the portion accounted for by industries owned by the people was 111.446 billion yuan, a 0.6 percent increase over the preceding year; collectively owned industries 28.705 billion yuan, an increase of 0.4 percent; and industries of other economic sectors 23.143 billion yuan, an increase of 28.2 percent. In the last category, the output value of the "three types of foreign-funded enterprises [Sino-foreign joint ventures, cooperative enterprises, and enterprises solely owned by foreign investors] showed a 61 percent growth. Of the total output value of industries owned by the people, the amount attributed to central-level enterprises was 25.068 billion yuan, up 9.4 percent above the preceding year, while that attributed to local enterprises was 86.377 billion yuan, showing a drop of 1.6 percent.

Certain results were achieved in readjusting the proportions of different products. Regarding the 232 products having priority over others in the development plan, their annual gross output value exceeded the preceding year by 15.2 percent and overfulfilled the annual plan by 2.7 percent. Fairly large strides were made in developing the production of export products, while growth was noted in the output of some kinds of energy and certain varieties of raw and semifinished materials, products used for farming, and daily necessities closely related to daily life. Affected by changes in the market, however, some durable consumer goods, machines, electric equipment, and building materials showed declined output. Progress was made in readjusting the organizational structure of enterprises. Eighteen relatively big enterprise groups with their members closely associated came into being—some of them resulted from the reorganization and improvement of previous enterprise groups; others were newly established groups. In addition, 69 enterprises ... the products were not required by the market and which had the problem of poor economic

efficiency were closed down, ordered to suspend their operations, amalgamated with others, or converted to make other products.

The output of major industrial products was as follows:

	1990	Increase over 1989 (%)
Cotton yarn	323,400 tons	-11.8
Cloth	1.236 billion metres	-9.6
Woolen fabrics	30.46 million metres	2.6
Silk products	100.32 million metres	6.6
Chemical fibres	251,500 tons	1.4
Synthetic detergents	105,000 tons	4.3
Electric bulbs	346 million	30.9
Bicycles	9.5117 million	-4.1
Sewing machines	3.3387 million	-6.0
Watches	15.45 million	2.9
TV sets	4.6218 million	-4.6
of which color sets	828,100	-4.2
Tape recorders	2.1272 million	-30.9
Cameras	206,200	-39.5
Household washing machines	952,600	-30.9
Household refrigerators	553,500	-14.1
Chemical pharmaceuticals (raw material)	12,600 tons	9.5
Medical equipment	295.54 million yuan	4.6
Chemical insecticides (raw material)	8,100 tons	6.6
Chemical fertilizers	288,400 tons	12.3
Ethylene	219,500 tons	41.7
Sulphuric acid	396,800 tons	-7.6
Soda ash	37,800 tons	4.4
Caustic soda	290,900 tons	4.4
Cement	2.347 million tons	-6.4
Plate glass	5.0305 million cases	-0.8
Processed crude oil	7.93 million tons	9.7
Electricity	28.396 billion kwh	2.1
Pig iron	5.269 million tons	1.7
Steel	9.1403 million tons	13.1
Rolled Steel	6.0981 million tons	27.9
of which sheet steel plate	1.1207 million tons	120.0
10 nonferrous metal	83,400 tons	31.5
Capacity of power-generating equipment	2.102 million kw	-12.1
Machine tools	15,000	-6.8
Motor vehicles	27,800	13.0
Civilian steel boats and ships	374,100 tons	40.2

The industrial enterprises have done much work in further perfecting the contract responsibility system, strengthening scientific management, and raising enterprise quality. Product quality rose. In 1990, 89.17 percent of the major industrial products of the municipality maintained steady quality improvement, and 30.36 percent of the total output value came from high quality products, an increase of 0.49 and 0.89 percent, respectively, over the previous year. Fifty-five products made in the municipality were awarded the state quality prize, topping the rest of the country in the number of prizes awarded. Energy conservation achieved new progress. The composite energy consumption per 10,000 yuan of the total industrial output value produced declined by 2.4 percent from the previous year. Development of new products achieved noted progress. The light and textile industry developed over 19,000 products of new variety, standards, colors, and designs in new packaging last year. The machinery and electronics industry also developed more than 500 new products.

The economic results of enterprises continued to decline due to the price rise of some raw and semifinished materials and energy resources; sluggish market sales; large-scale overstocking of products; poor management by some enterprises; and other reasons. In 1990, local state-owned industrial enterprises under budget realized 9.85 billion yuan of profits and taxes, a decrease of 19.2 percent over the previous year; 184 enterprises suffered financial losses, causing the percentage of losing enterprises to increase from 2.6 percent in 1989 to 13.4 percent in 1990; the cost of comparable products rose 6.8 percent; the amount of fixed working capital tied up at the end of the year was 21.572 billion yuan, 1.358 billion yuan more than at the beginning of the year, and the turnover period of working funds increased from 101 days in 1989 to 107 days in 1990. The per-capita productivity of independent accounting state industrial enterprises declined 0.6 percent over 1989.

2. Agriculture

In 1990, the total agricultural output value reached 6.816 billion yuan, up by 5.7 percent over the previous year. Of this, that of agricultural products was 2.91 billion yuan, up by 4.4 percent; forestry, 37 million yuan, up by 3.6 percent; animal husbandry, 3.25 billion yuan, up by 10.4 percent; sideline products, 41 million yuan, a decline of 1.6 percent; fishery, 803 million yuan, a decline of 4.3 percent. Bumper harvests of grain, cotton, and oil-bearing crops were reaped, and all the agricultural production plans of the year were fulfilled because governments at all levels strengthened their leadership over agriculture, paid attention to farmland capital construction, and further implemented the measures for invigorating agriculture with science and technology. The construction of bases for producing agricultural and sideline products was further strengthened. Agricultural and sideline products were abundant throughout the year, and the production and supply of major nonstaple food was better than the previous year. Supplies of

vegetables were abundant. The amount of resold vegetables decreased. The amount of vegetables on daily sale remained at a satisfactory level.

The yield of major agricultural and sideline products was as follows:

	1990	Increase over 1989 (%)
Grain	2,395,000 metric tons	0.9
Cotton	12,200 metric tons	58.2
Rapeseed	182,000 metric tons	21.3
Vegetables (amount on market)	1,447,000 metric tons	3.1
Total output of meats	375,000 metric tons	16.8
of which pork	233,000 metric tons	15.3
Poultry (number on market)	73,569,000 head	3.9
Eggs (amount on market)	136,000 metric tons	-2.9
Milk	227,000 metric tons	12.9
Pigs slaughtered	4,118,000 head	14.0
Pigs in stock	2,375,000 head	-3.7
Water melons, sweet melons	308,000 metric tons	-6.4
Fruit	90,000 metric tons	6.8
Aquatic products	274,000 metric tons	-7.7
Marine products	171,000 metric tons	-12.8
Freshwater products	103,000 metric tons	2.0

Agricultural input increased, and the conditions for agricultural production were improved. In 1990, local financial departments appropriated 401 million yuan to support agriculture, up by 11.1 percent over the previous year. At year's end, the number of large- and medium-sized tractors owned by the suburban areas stood at 11,600, up by 1.5 percent over the previous year. The amount of chemical fertilizer applied in the entire year was 248,000 metric tons, an increase of 37.2 percent over 1989; the amount of electricity used in rural areas was 3.25 billion kWh, up by 3.5 percent over the previous year.

The entire rural economy grew in an all-around way. In 1990, the total product of society in rural areas amounted to 40.15 billion yuan, an increase of 8.6 percent over 1989. Of this, the output value of industry, construction, transportation, commerce, and the catering services in rural areas went up 8 percent.

3. Transportation, Post, and Telecommunications

In 1990, due to a reduction of investment scale, a slowdown in the economic growth rate, and the readjustment of transportation fares, freight and passenger transportation and the volume of cargo handled at seaports decreased over the previous year. The communications

departments adopted various measures to increase transportation lines and services and raise management efficiency, thereby contributing to the development of the municipal economy and improvement of the people's livelihood.

Freight volumes by various means of transport are as following:

	1990	Percentage increase over 1989
Cargo	267.71 million tonnes	-3.2
Railway	51.86 million tonnes	-2.2
Highway	87.14 million tonnes	-8.5
Waterway	128.64 million tonnes	0.3
Civil aviation	70,000 tonnes	25.4
Volume of cargo handled at seaports	139.59 million tonnes	-4.4
Passengers transported	38.35 million	-7.4
Railway	24.76 million	-8.7
Highway	6.05 million	-7.9
Waterway	5.55 million	-10.6
Civil aviation	1.99 million	31.8

Postal and telecommunications undertakings developed at a relatively quick pace. Business volume in 1990 totaled 467 million yuan, a 27.4 percent increase over 1989. A total of 296 million letters and 870 million newspapers and periodicals were delivered during the year, topping the preceding year by 13.4 percent and 3.2 percent respectively, while 7,097 million telegrams were delivered, a decrease of 12.5 percent. In telecommunications, 60.207 million long-distance telephones were placed, up 50.1 percent from 1989; of these, 4,712 million were calls to foreign countries, Hong Kong, and Macao, which represented a 51 percent increase over the previous year. The number of telephones installed in urban areas was 392,600 and in rural areas was 64,300, increasing by 90,700 and 11,600 respectively over the previous year.

4. Investment in Fixed Assets and Construction

In 1990, investment in fixed assets totaled 21,348 billion yuan, a decrease of 128 million yuan or 0.6 percent from 1989. Of the total investment, 18,377 billion yuan went to state-owned enterprises, a 2.8 percent increase; 1,842 billion yuan went to collectively-owned enterprises, a 12.3 percent decrease; and 1,129 billion yuan went to private enterprises, a 24.5 percent decrease. Of the investment in the fixed assets of state-owned enterprises, 7.53 billion yuan were invested by the central government, a decrease of 3.4 percent, and 10,847 billion yuan were invested by the local government, an increase of 7.5 percent.

The structure of investment was adjusted. Of the investment in the fixed assets of state-owned enterprises, the

proportion of productive investment increased from 69.2 percent in 1989 to 71.13 percent or 13.111 billion yuan in 1990, while the proportion of nonproductive investment decreased from 30.8 percent in 1989 to 28.7 percent, or 5.266 billion yuan in 1990. Of the investment in upgrading technology, the proportion used for increasing product variety, improving quality, and conserving energy increased from 33 percent in 1989 to 34.8 percent or 1.867 billion yuan last year, while the proportion for expanding production capacity and increasing product output decreased from 36 percent in 1989 to 30.3 percent or 1.631 billion yuan last year.

Key construction projects proceeded smoothly. A total of 15 large- and medium-sized capital construction projects and above-the-quota technological transformation projects were completed and put into operation in Shanghai. These 14 projects include 1.2 million kw generating unit at Sihongkou Power Plant, 204,000 computerized municipal telephone switchboards, and the construction of buildings of the Shanghai Harbor Customs and No. 14 operation area. In addition, the construction was basically completed for the 300,000 tonne Yichang Cool-Rolling Plate Mill, the 300,000 tonne Wujing Ethylene Plant, the Yongxin Color Tubes Plant, the production of 2.5 million kw power generating equipment, and the production lines for 30,000 sedans and 100,000 engines at the Volkswagen Automobile Plant.

Additional production capacity and facilities resulting from completed capital construction and technological transformation projects in the municipality included 900,000 kw of electricity, 2.2 million tonnes of cargo handling capability at ports, facilities for disposing of 2000 tonnes sewage daily, 85,000 tonnes of daily drinking water supply capability, 300,000 tonnes of cement annually, and 160,000 tonnes of chemical fertilizers annually.

In 1990, the state-owned building industry carried out construction on a total of 12.046 million square meters of floor space, down 1.1168 million square meters from the preceding year. Of these, the construction of 4.8537 million square meters was completed, up 194,700 square meters from 1989. The total output value of construction teams under the state-owned building industry accounted for 5.799 billion yuan, a 2 percent increase over the previous year, while the labor productivity of workers was up by 2.1 percent.

5. Markets and Prices

Shanghai's markets changed from being sluggish in 1989 to seeing stable growth in 1990, with a plenty supply of commodities. The commerce departments scored some progress in improving service quality and eliminating fake and substandard goods. The value of retail sales of social commodities totaled 35.311 billion yuan, which was basically the same as the year before. After deducting price increases, it was actually a decrease of 4.5 percent. Of the total, the volume of retail sales of the means of agricultural production was 1.925 billion yuan, a 10.1 percent decrease; that of consumer goods was

33.386 billion yuan, up 0.7 percent. The value of consumer goods sold to institutions was 5.893 billion yuan, up 9.3 percent, and to individual residents was 27.439 billion yuan, down 0.9 percent.

Of the retail sales of commodities by various economic sectors, the retail sales volume by state-owned commercial enterprises was up by 1.5 percent, that by collective enterprises dropped by 4.4 percent, including a 3.3 percent increase by supply and marketing cooperatives; and that by other economic sectors and farmers sold to non-farming residents rose by 10.1 percent.

A breakdown of the retail sales of various kinds of consumer goods shows that food increased 1.5 percent to 14.215 billion yuan, but after deducting price rises, actually decreased 2 percent. Of the major commodities, the retail sales of pork, vegetables, aquatic products, and eggs increased slightly. The sales of clothing increased 0.7 percent to 5.233 billion yuan, but after deducting price increases, actually decreased 9.2 percent. Due to the decrease in self-employed traders transporting goods for sales and in the purchasing power of outside consumers, the retail sales volume of most clothing commodities decreased. The retail sales volume of articles of everyday use amounted to 13.722 billion yuan, a 0.3 percent decrease from 1989 or 6.7 percent decrease after deducting price rises. The sales volume of daily necessities of the residents was basically normal. Because the number of large durable consumer commodities possessed by the municipal residents had almost reached the saturation point, the sales volume dropped by a fairly large margin. Of the major commodities, the sales volume of color television sets, refrigerators, washing machines, and tape recorders decreased by more than 40 percent.

Due to the sluggish market, the purchasing and marketing scale of commodities was reduced, while commodity exchanges between regions also declined. The total value of trade and commercial goods purchased was 37.212 billion yuan, down 8.5 percent from the previous year; while manufactured goods delivered to the suburban areas amounted to 15.764 billion yuan, down 11.7 percent.

The general price index continued to rise, but the rate of increase diminished appreciably. The municipality's retail price index for the year was 104.8, down 11.9 percent from the preceding year. It was the smallest rate of price increase since 1986. In terms of various commodities, the price indexes for foodstuffs, clothing, and daily necessities rose by 3.6 percent, 10.9 percent, and 8.6 percent, respectively, while that for cultural and recreational supplies fell by 5.1 percent. The price indexes for books and periodicals, medicines and medical products, building and decorating materials, and fuel also increased by 14.1 percent, 3 percent, 17.4 percent, and 16.1 percent, respectively.

The index of living expenses for workers and staff members was 106.3, off 9.6 percent from the previous year.

6. Foreign Economic Relations, Trade, and Tourism

The export value reached a record level. Total export value in 1990 amounted to \$5.32 billion, up 5.7 percent from 1989. This was in line with the growth rate planned for the year. Total import value was \$2.11 billion, down 25 percent from 1989. The product mix for exports underwent changes. There was a gradual switch from exporting primary products to exporting manufactured goods with a higher added value. Exports of heavy industrial products reached \$1.269 billion, up 23.2 percent from the year before, while those of light industrial products amounted to \$3.389 billion, up 4.1 percent. Exports of manufactured goods in relation to total export value climbed from 85.1 percent in 1989 to 87.6 percent in 1990. Exports of agricultural and sideline products came to \$662 million, down 11.6 percent. Their ratio to total export value dropped from 14.9 percent in 1989 to 12.4 percent.

There were gradual improvements in the use of foreign capital. A total of 201 direct foreign investment projects were approved in 1990. They brought in \$375 million in foreign capital, up 4.5 percent from the previous year. Twenty-one foreign loan agreements valued at \$197 million were signed. Foreign capital totaling \$7.26 million was introduced through compensation trade. The industrial structure of foreign-funded projects underwent readjustment. Of the 201 approved projects with direct foreign investment, 190, or 94.5 percent of the total, were productive ventures. And there were 10 industrial projects with foreign capital totaling \$5 million or more.

Efforts were undertaken to develop and open up the Pudong area. In accordance with the State Council's preferential policy, the municipality studied and formulated nine policies, laws, and regulations in connection with the Pudong New Zone; further revised development plans; and launched extensive publicity efforts. This prompted 1,700 foreign business groups comprising over 6,000 people to visit China, conduct business negotiations, or express an interest in making investment.

Construction of economic and technological development zones was expedited. The Minhang, Hongqiao, and Caohejing Development Zones approved 17 direct foreign investment projects, bringing in \$133 million in foreign funds.

The transacted value of technological projects imported by the municipality reached \$148 million, while the value of those actually imported was \$151 million. These projects accelerated the technical transformation of enterprises and enhanced Shanghai's capacity for production and development.

The municipality signed 84 new agreements worth \$60.11 million in 1990 to contract foreign construction projects and to provide labor services to foreign countries. Of these, \$51.31 million worth of projects were actually completed.

A total of 893,000 people from 151 countries and regions came to the municipality in 1990 to travel, sightsee, visit relatives, or engage in various exchanges. They represented a 36.2-percent increase over 1989. A total of 310,300 Taiwan compatriots were among these visitors, up 95.4 percent from 1989. Tourism proceeds for the whole year amounted to 1.098 billion yuan (in terms of renminbi used in foreign exchange transactions), up 32.5 percent from the year before.

7. Urban Construction

The construction of the city's infrastructure has accelerated. In 1990, the city invested 3.468 billion yuan in the construction of its infrastructure, or 18.9 percent of the total investment in fixed assets by state-run units.

In efforts to meet the needs for Pudong's development and to improve the investment environment, construction of a number of transportation facilities has progressed rapidly. The Nanpu Bridge Project has proceeded smoothly. Work has begun on the construction of six of the 12 stops on line one of the subway system. The floodgate on the Suzhou He and the steel framework of the main bridge in the Bridge Approach Project on Wusong Road have been completed. Construction of the main structure of the passenger terminal in the Hongqiao International Airport in Shanghai also has been finished. The year also saw the completion of three roads in downtown Shanghai for the exclusive use of motor vehicles and the completion of the Xinsong Expressway as well as an overpass above the railway track on Chixin Highway. Repair work was done on 10 highways, and six distributing centers were renovated with the addition of partition facilities. Public utilities continued to develop. By the end of the year, bus lines in the city totaled 390, or 23 lines more than the year before. There were 6,264 buses, an increase of 177 buses from the previous year; taxis increased by 179 to 11,300. Traffic congestion continued to ease up. Passenger turnover by the public transport system in 1990 amounted to 5.437 billion people, down 1.3 percent from the year before; which translated into 14.9 million passengers per day, representing a decrease of 190,000. A total of 1.225 billion tonnes of tap water was sold, up 3.7 percent from the previous year; of which 611 million tonnes were consumed by households, up 9.5 percent. A total of 2,590 more households had tap water piped into their houses in 1990. The year also witnessed a rapid increase in the number of households using gas. Gas was piped into an additional 44,200 households and 70,000 more households used liquefied petroleum gas in the year. Gas supply totaled 1.272 billion cubic meters, basically equal to the year before.

Further progress was made in greening the city. In 1990, the city increased its plant coverage by 150.99 hectares and built and restored three parks. By the end of the year, the city's public green coverage amounted to 761.95 hectares, up 7.4 percent from the year before. A total of 215,300 trees lined the roads in the city, and the

city's plant cover rate increased from 11.7 percent of the previous year to 12.4 percent.

Progress also was made in improving the city's environment. In the campaign to usher in three major events including the 11th Asian Games, residents all joined hands to improve the city's appearance. Steps were taken to ban spitting, littering, billing, dumping, and illegal construction and vending, in a bid to improve the city's environment and hygiene. As a result, Shanghai was selected as one of the "10 best national" hygienic cities. The city designated 23 more low-noise areas, relocated nine heavily polluting plants a 1 workshops, enhanced efforts to protect the headwaters in the upper reaches of the Huangpu Jiang, thus basically stopping the environmental quality from further worsening.

8. Science and Technology, Education, and Culture

In 1990, scientific and technological work achieved new successes. As of the end of 1990, there were 861,6000 technical personnel of various kinds working in government organizations and state enterprises, an increase of 2.2 percent as compared with the previous year. Of which, 451,000 professional people are specialized in natural sciences, an increase of 1.4 percent as compared with the previous year, and 410,500 are specialized in social sciences, a 3 percent increase. Scientific and technological personnel in the municipality worked hard on various scientific and technological programs and achieved good results in 2,092 major research programs of natural sciences, of which 456 projects reached advanced world standards, nine projects were new ventures in the world, and 775 projects were new in China. In the national evaluation of scientific and technological progress, Shanghai won 16 state invention prizes, topping other provinces and municipalities. In addition, Shanghai won 46 state scientific and technological progress prizes and seven state natural science prizes. The application of scientific and technological progress in production was hastened. Last year, 1,735 scientific and technological achievements were applied in various fields with a rate of application reaching 82.9 percent.

Education developed through adjustment. Investment in education increased with local revenue funds for educational purposes increasing by 11.9 percent as compared with the previous year. Shanghai strengthened macro-control of educational work and further adjusted the overall arrangement and structure of professional schools. The enrollment system for various kinds of schools was further improved. In 1990, 3,127 graduate students were enrolled in Shanghai, an increase of 4.1 percent over the previous year. General colleges and universities enrolled 32,400 students, 1.8 percent over the previous year. As of the end of last year, there were 50 general colleges and universities with a total attendance of 121,300 students, dropping 3.8 percent as compared with the previous year. There were 60,900 students at institutions of adult higher education, dropping by 13.9 percent as compared with the previous year.

In 1990, 3,322 students completed their study at graduate schools with 300 students receiving doctoral degrees and 2,674 receiving master's degrees. As of the end of last year, there were 1,219 secondary schools, including 712 general middle schools with a total attendance of 483,100 students which was 4.8 percent more than the previous year, and 110 secondary vocational and technical schools with a total attendance of 61,700 students which was 4.3 percent less than the previous year. As of the end of last year, there were 2,630 primary schools in the municipality with a total attendance of 1,101,900 students, an increase of 3.9 percent over the previous year. The attendance rate of children of school age reached 99.93 percent.

Cultural, news, publication, radio broadcasting, and television work achieved new progress. As of the end of last year, there were 191 cinemas and theaters, 48 cultural centers, 10 museums and memorial halls, 51 public libraries, and 38 theatrical troupes in Shanghai. In 1990, Shanghai produced 16 feature films and released 212 new films. The nine programs on the radio network broadcast averaged 119.2 hours daily. The two television programs broadcast an average of 185.1 hours per week. In order to solve the problem of watching TV programs by peasants in remote areas, four television relay stations were built in Chongming, Jinshan, and Qingpu counties. Last year, Shanghai published 1.616 billion copies of newspapers, 173 million copies of various magazines, and 298 million copies of books.

9. Public Health and Sports

Public health work and medical care continued to improve. As of the end of last year, there were 7,690 public health units in Shanghai, including 462 hospitals, 40 convalescent homes, 6,949 outpatient departments (clinics), 33 quarantine stations, and 23 health clinics for women and children. As of the end of last year, there were 118,400 professional medical personnel, an increase of 1.6 percent from that of the previous year, including 58,200 doctors, an increase of 1.6 percent. Nurses numbered 32,700, an increase of 3.8 percent. By the end of last year, the beds in various hospitals of the municipality reached 62,100, a 2.7 percent increase from that of the previous year. Prevention and health work was strengthened and, as a result, the rate of infectious and contagious incidence decreased.

Sports also showed new progress. In 1990, three athletes from Shanghai captured four world championships in three world tournaments. At the 11th Asian Games in Beijing, 30 athletes from Shanghai won 45 gold medals in 15 competitions and 14 athletes from Shanghai won 16 silver medals. Shanghai athletes won a total of 66 medals at the 11th Asian Games with four athletes breaking four Asian records on five occasions and six athletes breaking 16 Asian Games records on 21 occasions, and one team set Asia's best record.

10. Population and People's Livelihood

In 1990, the birth rate in Shanghai was 10.25 per thousand and the mortality rate was 6.75 per thousand. The natural growth rate was 3.51 per thousand. The total population in Shanghai at the end of last year was 13.37 million people. (Based on statistics of the total number of people constantly residing in Shanghai, the population in Shanghai by the end of last year was 13.37 million with a birth rate of 10.31 per thousand and a mortality rate of 6.64 per thousand)

By the end of 1990, there were 5,070,600 staff members and workers in Shanghai, increasing by 1.27 million people. Of which 3,964,400 were staff members and workers of state enterprises and undertakings, increasing by 26,800 people, and 1,021,800 were staff members and workers of collective enterprises and undertakings, decreasing by 26,300 people. The number of individual workers in urban areas was 56,500, decreasing by 800 people. In 1990, Shanghai's urban areas provided employment for 141,700 people who were waiting for jobs.

The total wage for staff members and workers in Shanghai during 1990 was 14.439 billion yuan, increasing by 10.1 percent. The rate of wage increase was 4.4 percent lower than that in the previous year. The average annual wage of staff members and workers in 1990 was 2,885 yuan, increasing by 10.6 percent over the previous year. Considering rising prices, the actual rate of increase was 4.1 percent. According to a sample survey, the average annual per capita net income of peasants in suburban counties was 1,665 yuan, increasing by 9 percent over the previous year. Considering rising expenditures of commodities, the actual rate of increase was 6 percent. Among peasants' total net income, the average per capita net income from production was 1,496 yuan, increasing by 12.4 percent over that of the previous year.

According to a sample survey in urban and rural areas, as of the end of last year, each hundred households in Shanghai's urban areas had 77 color television sets, increasing by 11 sets as compared with that of the previous year; 100 sets of tape recorders, increasing by four sets; 187 electric fans, increasing by 18 sets; 72 washing machines, increasing by five; 88 refrigerators, increasing by three; and 14 VCRs, increasing by eight sets. As of the end of last year, each hundred peasant households in the rural areas had 254 bicycles, increasing by 20 bicycles; 25 color television sets, increasing by seven sets; 204 electric fans, increasing by 35; 27 tape recorders, increasing by four; 45 washing machines, increasing by seven; and 20 refrigerators, increasing by seven.

The living conditions of urban and rural residents continued to improve. In 1990, a total investment of 2.566 billion yuan was used for the building of houses with a total floor space of 4,110,700 square meters. The average floor space for people in urban areas increased to a certain extent.

Savings deposits of residents in urban and rural areas increased greatly. By the end of last year, the total balance of savings deposits was 25.222 billion yuan, increasing by 5.875 billion yuan or 30.4 percent as compared with the beginning of last year.

Note: 1. Some figures of this communique are based on initial statistics. 2. The total output value of various items in this communique was calculated based on prices of that year and the rate of increase was calculated based on comparable prices.

People's Congress Proposes Candidates for Governor

OW1203074291 Hangzhou Zhejiang Provincial Service in Mandarin 1000 GMT 11 Mar 91

[Text] The presidium of the fourth session of the Seventh Zhejiang Provincial People's Congress held its third meeting this morning. Wang Qidong, executive chairman of the presidium, chaired the meeting. Present at the meeting were executive chairmen Chen Anyu, Wu Minda, Wu Zhichuan, Li Yuhua, Zhu Zuxiang, Wang Yumin, and Yang Bin.

The participants discussed and proposed a list of candidates for the post of governor and membership on the provincial People's Congress Standing Committee, and submitted the list to various groups of deputies for deliberation.

The participants heard opinions of various groups of deputies after their examination of work reports of the provincial People's Congress Standing Committee, the provincial Higher People's Court, and the provincial People's Procuratorate. It also heard and approved reports by the Committee of Budget Examination of the fourth session of the Seventh Zhejiang Provincial People's Congress on the implementation of Zhejiang's 1990 budget and the draft 1991 budget. It discussed and proposed draft resolutions put forward by the fourth session of the Seventh Zhejiang Provincial People's Congress on the outline of Zhejiang Province's 10-Year Program for Economic and Social Development and the Eighth Five-Year Plan, the implementation of Zhejiang Province's 1990 economic and social development plan, the 1991 plan for economic and social development, the implementation of Zhejiang's 1990 budget, the 1991 budget, and the work reports of the provincial People's Congress Standing Committee, the provincial Higher People's Court, and the provincial People's Procuratorate. The draft resolutions were printed and distributed to various groups of deputies for discussion. The meeting also heard and approved a report by the congress Secretariat on progress in handling motions, opinions, and proposals by deputies.

Li Zemin and Wang Qichao attended the meeting.

Zhejiang CPPCC Committee Ends Fourth Session

OW1203113591 Hangzhou Zhejiang Provincial Service in Mandarin 1000 GMT 11 Mar 91

[Text] After having satisfactorily finished all items on the agenda, the fourth session of the Sixth Zhejiang Provincial Committee of the Chinese People's Political Consultative Conference [CPPCC] ended in Hangzhou this afternoon.

The closing session was presided over by Tang Yuanbing, Li Chaolong, and Xue Yanzhuang, vice chairmen of the Provincial CPPCC Committee. Provincial CPPCC Committee Chairman Shang Jingcai; Vice Chairmen Li Dexin, Zhou Chunhui, Jiang Cisheng, Qiu Qinghua, Zhan Shaowen, Wang Chengxu, and Ding Deyun; and Secretary General (Xie Leisheng) attended the session. Provincial party, government, and military leaders Li Zemin, Ge Hongsheng, Liu Feng, Chen Fawen, Xu Yongqing, Wang Qichao, Liu Yifu, Chen Anyu, Li Yuhua, Wang Yumin, Wang Zhonglu, and Chai Songyue were invited to attend the meeting. Also present at the meeting were Yuan Fanglie, Hu Canshi, and Wu Yaomin and veteran comrades (Wang Jiayang), (Cui Jing), (Zhang Renzhi), (Zhou Zhiguang), (Chen Ding), (Wang Jiwu), and (Liang Shimin).

The meeting passed electoral procedure for the fourth session of the Sixth Zhejiang Provincial CPPCC Committee; adopted the resolution that (Dong Pu), (Wu Hengge), and (Dong Youmin) be elected members of the Standing Committee of the Sixth Zhejiang Provincial CPPCC Committee after voting by a show of hands; approved the political resolutions of the fourth session of the Sixth Zhejiang Provincial CPPCC Committee; passed the resolutions of the fourth session of the Sixth Zhejiang CPPCC Committee on the work report of its Standing Committee; and approved the report submitted by the Motions Committee of the Sixth Zhejiang Provincial CPPCC Committee on examination of the motions put forward during the fourth session.

Chairman Shang Jingcai delivered a speech at the meeting. He said: The fourth session of the Sixth Provincial CPPCC Committee earnestly studied the documents adopted by the Seventh Plenary Session of the 13th CPC Central Committee and the enlarged meeting of the fifth plenary session of the eighth provincial party committee and, motivated by a desire to promote unity, stability, and development and to encourage the people, earnestly discussed the work of the provincial government and provincial CPPCC committee and made many positive suggestions.

The meeting maintained that the objectives to be strived after by us in our implementation of the 10-Year Program for Economic and Social Development and the Eighth Five-Year Plan in our province in the future and the guiding ideology and major tasks for this endeavor put forward by Acting Governor Ge Hongsheng at the fourth session of the seventh provincial People's Congress are positive, heartening, safe and reliable, practical, and workable, and that

they fully represent the desire of the people throughout the province. The meeting called on the CPPCC committees at all levels and their members throughout the province to rally with full confidence around the party Central Committee with Jiang Zemin as the nucleus; continue to hold high the banners of patriotism and socialism under the leadership of the Zhejiang Provincial CPC Committee; and unite together all the patriotic personages of every democratic party and mass organization, patriots without party affiliation, and prominent figures of all nationalities and in all walks of life in the province to go all out, be dedicated heart and soul to the same cause, and quietly immerse themselves in hard work in a bid to make even greater contributions to achieving the second-step strategic objective of our socialist modernization; safeguarding and promoting political stability and unity; pushing forward the nationwide drive to succeed in economic construction, implementation of reform and open policy, and development of socialist spiritual civilization and socialist democracy and legal system; and promoting the great cause of peaceful reunification of the motherland.

Central-South Region**Guangdong Provincial People's Congress Meets**

HK1103150791 Guangzhou Guangdong Provincial Service in Mandarin 0400 GMT 7 Mar 91

[Text] This morning the fourth meeting of the Seventh Guangdong Provincial People's Congress was solemnly opened in Guangzhou. Executive chairmen present at today's meeting included Lin Ruo, Yi Meihou, Liu Junjie, Cheng Li, Chen Zupei, Fang Shaoyi, (Ma Tingdong), (Wang Ying), Wang Zhongchun, (Long Jiangliu), Ren Zhongyi, (Li Jianzhen), Wu Nansheng, (Zhang Litian), (Zhang Zhihui), Luo Tian, (Rao Buru), (Nie Yongxiang), Liang Lingguang, Xie Fei, and (Mai Zhuyan). A total of 686 provincial people's deputies attended the opening session.

At the meeting, on behalf of the provincial government, provincial Governor Ye Xuanping delivered a government work report. In his report, he recalled the work done last year and during the Seventh Five-Year Plan. He fully affirmed the achievements made by various quarters in our province. He stressed that the road we took during the Seventh Five-Year Plan was basically correct. While talking about the main points of the 10-year program and the Eighth Five-Year Plan, Ye said: Our province's objective of struggle in the coming 10 years is: In reform, opening up, and social and economic development, our province must strive to continue to advance a step faster. This year we will promote economic improvement and rectification and deepen reform. We should use reform to promote development to maintain normal economic operations and proper growth. We should also promote the building of spiritual civilization and all-around societal development.

Court President Reports

HK1203035191 Hong Kong TA KUNG PAO in Chinese
12 Mar 91 p 2

[“Drug Cases Continue To Rise in Guangdong”]

[Text] Guangzhou, 11 Mar (TA KUNG PAO)—Guangdong Higher Court President Mai Chongkai pointed out in his work report to the provincial People's Congress this morning: The court is determined to apply legal means to sternly handle criminal cases and maintain social stability.

Mai Chongkai emphasized: Drug cases have continuously increased in recent years. The amount of drugs trafficked has also increased; one case involved hundreds of thousands of grams of heroin. Last year, we handled 149 cases and wound up 140, an increase of 49 and 55.5 percent, respectively, over the previous year. He said that the court will never be softhearted toward drug traffickers and will sternly punish them. A total of 27 traffickers have been executed and nine have been sentenced to life imprisonment, an increase of over 100 percent, for both, over the previous year.

Three Drug Traffickers Executed in Guangzhou

HK1203073391 Guangzhou Guangdong Provincial Service in Mandarin 0400 GMT 12 Mar 91

[Text] This morning Guangzhou City Intermediate People's Court pronounced judgment on drug traffickers. (Liu Jianxin), (Sun Xiaofeng), and (Tao Yang), criminals guilty of selling drugs, were sentenced to death by the court and executed at an execution ground.

(Liu Jianxin) was from Hong Kong. From December 1983 to November 1987, he collaborated with criminal (Sun Xiaofeng) to buy, sell, and rob a total of 55,006.5 grams of heroin and 15 kilos of opium.

(Tao Yang), a drug trafficker from Guangxi, came to Guangzhou in 1986. After that, he collaborated with a Hong Kong man called (Chen Zhiheng) and others to traffic in drugs. He sold a total of 195 kilos of opium, and 18,500 grams of heroin.

A responsible person of the Guangzhou City Intermediate People's Court said: At present, the situation of young people taking drugs has become increasingly serious. The number of criminal cases in many places due to drug cases has increased. The court will continue to try drug cases as a focal point of criminal trials. Those drug traffickers will be resolutely and severely punished.

Guangzhou Cracks Arms Smuggling Ring

HK1103031491 Hong Kong ZHONGGUO TONGXUN SHE in Chinese 1210 GMT 8 Mar 91

[“Guangzhou Smashes Arms Smuggling Gang”—ZHONGGUO TONGXUN SHE headline]

[Text] Guangzhou, 8 Mar (ZHONGGUO TONGXUN SHE)—A Guangzhou hotel attendant cooperated with the public security organs in tracking down and seizing a submachine gun and over 80 rounds, and arresting a number of principal arms smugglers. The departments concerned commended the attendant yesterday.

When Liang, attendant at Yuexin Hotel, was cleaning a room on 1 February this year, he discovered a submachine gun hidden in the bathroom's ceiling. He immediately reported this to the hotel security office and the local police station, which took immediate action to arrest the offender who had hid the gun. They also cracked an arms smuggling ring, arrested six offenders, and seized a submachine gun with 82 rounds.

Guangdong Commercial Radio To Begin Operations

HK1203135991 Beijing ZHONGGUO XINWEN SHE in Chinese 0854 GMT 12 Mar 91

[“Guangdong Commercial Radio Set Up, To Start Operation Next Month”—ZHONGGUO XINWEN SHE headline]

[Text] Guangzhou, 12 Mar (ZHONGGUO XINWEN SHE)—The Guangdong Provincial Commercial Radio, the province's first radio station specializing in information services for industrial and commercial enterprises, was founded yesterday.

This radio station will install advanced high-power shortwave single-side band transmitting and receiving equipment to provide subscribers—mostly industrial and commercial enterprises—with custom-made information services through voice and facsimile communications. Linked with an information transmission and feedback network formed by thousands of large- and medium-sized industrial and commercial subscribers in Mainland China, the radio station will also make use of international commercial facsimile networks to supply its subscribers with information from abroad about production, finance, commerce, technology, and professional journals.

It is said that the commercial radio station will officially start operation next month and will set up substations in Shenzhen and Zhuhai.

Li Changchun Chosen Henan Governor at Congress

HK1303085791 Zhengzhou Henan Provincial Service in Mandarin 2300 GMT 11 Mar 91

[Text] Announcement No. 2 of the fourth plenary session of the Seventh Henan Provincial People's Congress.

Notice is hereby given that Li Changchun was elected governor and (Fan Qingchen) vice governor of Henan Provincial People's Government by the fourth plenary session of the Seventh Henan Provincial People's Congress 10 March.

[Signed] Presidium of the fourth session of the Seventh Henan Provincial People's Congress

[Dated] 11 March 1991

People's Congress Session Ends

HK1303120491 Zhengzhou Henan Provincial Service in Mandarin 2300 GMT 11 Mar 91

[Text] The 14-day long fourth session of the Seventh Henan Provincial People's Congress concluded successfully at the Henan People's Assembly Hall yesterday morning after thoroughly discussing all items on the agenda and adopting corresponding resolutions.

The meeting called on the people of all nationalities, all walks of life, and all fronts across the province, under the correct leadership of the party Central Committee, State Council, and provincial party committee, to hold high the banner of forging ahead in unity, re-energize their spirits, make unremitting efforts, keep up the style of plain living and hard struggle, and work hard to fulfill all tasks set forth by the report [as heard] and constantly push forward Henan's socialist modernization construction.

A carnival mood overcame the Henan People's Assembly Hall yesterday morning.

Yang Xizong, executive chairman of the presidium of the session, presided over the closing meeting.

Seated in the front row on the rostrum were executive chairmen of the presidium of the session Yang Xizong, Wu Jichuan, Lin Xiao, Ji Hanxing, Wu Shaokui, Guo Peiyun, Fan Lian, Hu Tingji, Zhao Wenlong, and Hou Zhiying.

Leading comrades from the provincial party committee, provincial Advisory Committee, provincial government, and provincial military command Hou Zongbin, Li Changchun, Lin Yinghai, (Li Ming), Song Zhaosu, Liu Guangxiang, (Wu Guangxian), Yu Youxian, (Song Guochen), Hu Tiyun, Qin Kecai, Liu Yuan, Zhu Chao, Zhang Zhigang were also seated on the rostrum.

Also taking their seats on the rostrum were Yan Jimin, chairman of the provincial Chinese People's Political Consultative Conference, and vice chairmen Zhao Zhenfu, Wei Qinggng, Dong Minsheng, Zuo Mingsheng, Duan Zongsan, Tu Jiaji, Liu Yujie, and (Wu Shouquan).

At 0830, Yang Xizong, executive chairman of the session, announced: A total of 727 delegates attended the meeting, thus constituting a quorum as stipulated.

He also announced the results of the election held on 10 March. Zhang Zhigang was elected vice chairman of the Seventh Henan Provincial People's Congress Standing Committee; (Wang Hongfan) secretary general of the Standing Committee; (Ma Beifang) and other 15 persons members of the Standing Committee; Li Changchun governor of Henan Province; and (Fan Qingchen) vice governor.

The meeting participants unanimously approved the resolutions on the work report presented by the Henan

People's Government; the 10-year program and the Eighth Five-Year Plan for Henan's economic and social development; the report on how the 1990 provincial financial budget had been implemented; the report on 1991 provincial financial budget; and the work reports respectively presented by the provincial People's Congress Standing Committee, the provincial Higher People's Court, and the provincial People's Procuratorate.

After going through all procedures, the meeting came to a conclusion amid majestic strains of the national anthem.

Former City Secretary's Party Membership Revoked

OW1103204291 Beijing XINHUA Domestic Service in Chinese 2103 GMT 10 Mar 91

[Text] Beijing, 11 Mar (XINHUA)—Recently the CPC Central Committee Central Commission for Discipline Inspection transmitted a circular of the Henan provincial party committee's commission for discipline inspection on revoking the party membership of Wu Zhenguo, former secretary of the Luoyang City party committee, for his serious violation of laws and discipline. The circular urged the party organizations at various levels to use this negative example to teach the broad masses of leading cadres with party membership that they should abide by discipline and law, and fight corruption, as well as learn a lesson from the incident.

The Central Commission for Discipline Inspection's circular pointed out: The fact that Wu Zhenguo, as secretary of the Luoyang City party committee and mayor, committed crimes by abusing his power for private gains and receiving bribes, is frightening to onlookers. Even though a corrupted element like Wu Zhenguo is not typical among the leading cadres with party membership, it has a very bad influence. It corrupts the party's work style, and tarnishes the party's image as well as relations between the party and people. The party organizations at various levels must pay close attention to this incident. Under new circumstances of reform and opening up to the outside world, our party is facing an arduous struggle of corruption versus anti-corruption, and peaceful evolution versus anti-peaceful evolution. Communist Party members, especially leading cadres with party membership, should be honest and self-disciplined. They should conscientiously place themselves under the supervision of the party and people. They should administer their power properly for the party and people, and be able to withstand the test of this struggle. The party organizations at various levels should earnestly implement the "Decisions" of the sixth and seventh plenary sessions of the 13th CPC Central Committee, and strive to improve the party's work style, as well as contribute to honest government building in the leading organs and cadres. They should strictly adhere to various systems and regulations, enhance supervision, and earnestly enforce discipline so that leading cadres at various levels would advance throughout the route directed by the party.

The circular of the Henan provincial party committee's commission for discipline inspection pointed out: As a leading cadre with party membership, Wu Zhenguo was supposed to be honest and self-disciplined, and be a model for abiding by discipline and law. He abused the trust of the party and people, however, and totally missed the character of a genuine Communist Party member. During his term as mayor and secretary of the Luoyang City party committee, he received bribes worth more than 25,000 yuan, including a washing machine, refrigerator, air-conditioner, tape recorder, camera, watch, electronic organ, high-class furniture, and cash. He abused his power for private gains. He violated the relevant regulations controlling residence registration by moving his nephew and family from a rural area to another suburban district. He also built them a double-story house with a built-up area of 150 square meters at a cost of 36,000 yuan, over 28,300 yuan of which was paid by the city construction company. He abused his authority when renovating his house by exceeding permitted standards, spending more than 6,700 yuan of public funds. He seriously lost his party spirit and stance in a matter of principle by interfering with the operations of judicial departments. He had a very abnormal relationship with a female worker. He misused his authority by personally forcing his subordinate units to admit the female worker as party member, to promote her to a cadre, and then to recommend her to a middle-rank post. Such practice violated the discipline for organizations and personnel affairs and he had fallen as a typical corrupted element, being a bad influence to the party. Under direct supervision of the CPC Central Committee Central Commission for Discipline Inspection and under leadership of the Henan provincial party committee, the Henan provincial party committee's commission for discipline inspection, together with relevant departments including the provincial People's Procuratorate, supervision department, and public security department, earnestly handled and investigated Wu Zhenguo's problems in receiving bribes that seriously violated laws and regulations. The procuratorial organ arrested him according to the law on 6 June 1990. The Henan Provincial CPC Committee decided to revoke Wu Zhenguo's party membership on 15 November 1990.

The circular of the Henan provincial party committee's commission for discipline inspection said: We can learn a profound lesson from the case of Wu Zhenguo who seriously violated law and discipline. It is as follows: Communist Party members, especially leading cadres with party membership, must be able to withstand the test of temptation when facing money and materials; leading cadres with party membership must correctly handle their power and definitely should not abuse their authority for private gains; leading cadres with party membership must strictly abide by party discipline for organizations and personnel affairs.

Guan Guangfu Attends Hubei Cadre Meeting

*HK1103145491 Wuhan Hubei Provincial Service
in Mandarin 1000 GMT 6 Mar 91*

[Excerpts] Yesterday morning the provincial party committee held a mobilization meeting in Wuchang's (Hongshan) Guesthouse attended by party-member responsible

cadres from organs directly under provincial authorities. The meeting called on organs directly under provincial authorities to: Further change their work style to reflect profound implementation of the spirit of the Seventh Plenary Session of the 13th CPC Central Committee; firmly grasp the implementation of policies; give play to the exemplary role of leading organs; and to nurture cadres at all levels throughout the province to strive for the fulfillment of various tasks this year.

The meeting was presided over by provincial party Secretary Guan Guangfu. On behalf of the provincial CPC, Qian Yunlu, provincial party deputy secretary, delivered a mobilization speech.

First of all, Qian pointed out: In accordance with the spirit of the Seventh Plenary Session of the 13th CPC Central Committee and the arrangements made by the provincial party committee, we must further mobilize; improve our work style; follow a down-to-earth manner in our own work; strictly avoid empty talk; seek the truth; deal with concrete matters relating to work; and firmly grasp implementation of the policies. This is the key to our success in fulfilling our targets of struggle and in accomplishing various tasks this year. The provincial party committee Standing Committee maintains that we should take improvement of our work style, and the firm implementation of our policies, as an important guiding thinking for various work. In accordance with the opinions of the provincial party committee Standing Committee, Qian Yunlu expressed his views on the following six issues:

1. We should further increase our ideological understanding and enhance our sense of urgency for improving our work style. In recent years, in accordance with the requirements of the central authorities and the arrangements by the provincial party committee, various units under the provincial authorities persist in the guiding principle of grasping things with two hands. We have made marked progress in improving work style. The situation is good as a whole. However, we should also realize the fact that the improvement of our work style does not yet fully conform with the demand of the development of the situation. Some of the problems are fairly serious for a small number of party members and party-member responsible cadres. For instance, some of them forget the purpose of serving the people, seeking private gain by hook or by crook. Their bureaucratic style of work is severe, they are completely irresponsible in their work, and a tiny number of people have brought heavy losses to our work and economy. The sense of some people of taking the interests of the whole into consideration is becoming blunted. They do things in their own ways and think only of their own interests. Some units shift responsibilities onto each other or dispute over trifles. As a result, their work is adversely affected. Such matters happen from time to time. Some people's liberalism is severe and they refuse to conscientiously study and implement the party's guiding principles and policies. Some fail to unite with other people, or fail to concentrate their energy on their work. Some

disregard party rules and regulations, or refuse to obey orders and enforce bans. Another problem to which the masses have strongly reacted is that some of our party members and responsible cadres are reluctant to do painstaking, thoroughgoing, and meticulous work. They are reluctant to go deep into the realities of work and are fond of remaining on the surface, indulging in formalism, and merely paying lip service. They go in for ostentation, extravagance, and waste. They are too superficial to do solid work and even tell lies or seek undeserved reputation. If we fail to solve all these problems, it will not only corrupt the reputation of the party and undermine relations between the party and masses, but also seriously hinder implementation of the policies and guiding principles of the party and adversely affect the smooth progress of our construction. We should enhance our sense of urgency for improving our work style in light of our practical reality.

2. We must grasp implementation of our policies, do a solid job, and seek practical results around our objectives of struggle and main tasks for this year. This is the first year for pursuing the 10-year program and the "Eighth Five-Year Plan." In the broader sense, we should continue to grasp the three matters of primary importance regarding the fulfillment of our tasks. First, we should strive for stable economic development; second, we should strengthen party building; and third, we should maintain social stability. Various fronts and departments under the provincial authorities should write out prescriptions around the three matters of primary importance which must be grasped this year, and the main points of the provincial party committee work program, in light of the problems reflected by the grass-roots levels. They should be clear about their focal points of work and the practical work which should be completed. They should solidly accomplish various work projects this year. We should strengthen our sense of providing services and attach great importance to the voice of the grass-roots levels and the masses. We should follow a down-to-earth manner to do practical and good work for the grass-roots levels and the masses one after another. We should resolutely oppose dilatory style of work and increase our working efficiency.

3. We should increase party spirit and strictly enforce party discipline. We should truly strengthen the building of party style and develop a clean and honest government administration. This year we should continue to firmly implement various decisions and specific measures proposed by the central authorities and the provincial party committee on strengthening the building of party style and developing a clean and honest government administration. We should do solid work to solve problems which have been strongly reflected by the masses. Emphasis should be laid on improving unhealthy trends in trades and services and investigating and handling important and major cases. We should grasp well the work of improving the system for developing a clean and honest government administration, investigating the results of our work, and implementing the relevant policies. [passage omitted]

4. We should strengthen and improve the work of sending cadres to grass-roots levels and conducting investigations and studies to enhance our level and increase our practical work results. The methods for organizing cadres to go to grass-roots level this year include: First, the provincial party committee transferring, in a unified way, cadres from the relevant departments to form several working groups, led by responsible comrades, to go to rural areas to guide local party organizations and grass-roots cadres in running experimental centers for socialist ideological education; second, organizing work groups based on relevant departments or bureaus, which will be stationed in the relevant units; third, various departments should continue to station cadres in their contact points in rural area for a long time with the aim of supporting the poor. The total number of cadres involved in the work mentioned above must not be lower than 10 percent of the total number of office cadres. They are sent to rural areas on an annual rotation basis and they must work at the grass-roots level for not less than eight months. [passage omitted]

5. We should do everything possible to avoid formalism and resolutely cut meetings, documents, and conference reports. At present, formalism is prevalent and the situation of having too many meetings and documents is very serious. Many cadres are always busy with various kinds of social appointments. This has not only dispersed the energy of our leading comrades and caused serious waste, but also severely separated them from the masses. We should cut meetings to a minimum and resolutely refrain from holding meetings which are not completely necessary. Strict control should be imposed on the scale of meetings which have to be held. We should hold less meetings, shorter meetings, and smaller meetings. We should hold meetings that can help to solve problems. We should make efforts to ensure that the number of meetings this year is one-fourth to one-third less than last year. [passage omitted]

6. We should strengthen leadership to establish and improve our work investigation system by supervisory offices. Work investigation by supervisory offices is an important component part of the work of the party committees and governments. It is also an important means of guaranteeing that our important policy decisions, resolutions, and working procedures can be implemented. In the future, resolutions collectively adopted by party committees and governments, documents issued by them, and supervisory rules and regulations worked out by supervisory offices in accordance with policy decisions by the party committees and governments must be conscientiously implemented by the relevant departments. These departments must promptly report to the party committees and governments on the implementation. [passage omitted]

Qian Yunlu stressed: The key to our success in improving work style and firmly grasping the implementation of our plans, lies in the leadership. The provincial party committee is determined to set a good example

and take a good lead. In the meantime, various departments directly under the provincial authorities must set high demands on themselves, take a good lead, and give play to their exemplary role. The party organization and propaganda and discipline inspection departments must give full play to their guaranteeing and supervisory role in the course of improving the work style of our organs. We should commend and award those who have achieved good results in doing practical work and put them in important positions. We should criticize those who indulge in exaggeration or fail to do a solid job. We should punish those who severely practice fraud or make their work suffer.

In conclusion, Guan Guangfu said: This report is an important step taken by the provincial party committee to implement the spirit of the seventh plenary session and the instructions of the central Political Bureau. It is also an important guarantee for doing this year's work well. Party committees and leading party groups in various departments, offices, commissions, sections, and bureaus must conscientiously study and discuss it in order to correctly understand the situation and be clear about their tasks and requirements. They should devise measures for improvement and rectification in light of their practical conditions. They should deeply mobilize the masses and firmly grasp the implementation of the policies. [passage omitted]

Addresses Propaganda Meeting

HK1303031591 Wuhan Hubei Provincial Service
in Mandarin 1000 GMT 8 Mar 91

[Excerpts] On 2-5 March, a provincial meeting, attended by directors of provincial propaganda departments, was held in Wuhan. The meeting relayed the spirit of the national meeting of propaganda department directors, summed up the province's experiences in propaganda work last year, and arranged for this year's propaganda work in accordance with the national meeting's spirit and the provincial CPC committee's requirements. In addition, the meeting also commended provincial advanced units and individuals in propaganda work.

On the morning of 4 March, provincial party Secretary Guan Guangfu attended the meeting and held a discussion with attendees. After listening to a report on our province's propaganda work and speeches made by some delegates, Guan Guangfu delivered a speech entitled *Changing Our Work Style, Doing a Solid Job, and Making Efforts To Grasp the Production of High-Quality Spiritual Products*.

Guan Guangfu fully affirmed the achievements made by our province's propaganda front last year. He said: Thanks to the correct implementation of a series of guiding principles and policies of the CPC Central Committee, our province's propaganda work was active and proper. Our propaganda contingent was comparatively stable. The work of the provincial CPC Committee's Propaganda Department and provincial propaganda departments had its specific character and views. In their work, they paid attention to

protecting and arousing the enthusiasm, initiative, and creativity of the vast number of cadres. All this should be carried forward.

Guan Guangfu continued: In accordance with the central authorities' requirements, propaganda departments at all levels should regard studying, propagating, and implementing the seventh plenary session's spirit as a priority task now and in the future, as well as the focus of their work. On the basis of such a prioritization and work focus, they should do various propaganda work this year.

He emphasized: The key to successfully implementing the seventh plenary session's spirit lies in doing a solid job. This can be demonstrated in various aspects. Grasping the production of spiritual products is an important content. To focus our propaganda work on the production of spiritual products is needed by our socialist modernization, and consistently demanded by the central authorities. This is also an important issue related to improving the quality of our propaganda work. [passage omitted]

Guan Guangfu forwarded five demands on grasping well the production of spiritual products:

1. We should work out feasible rules and regulations. Various prefectures, cities, autonomous prefectures, and counties, and various propaganda units directly under provincial authorities must concentrate their efforts on organizing in a planned way to produce one or two high-quality and amazing key products. This should be regarded as an important yardstick for assessing propaganda work this year.
2. Main responsible comrades of the party committees and propaganda departments at all levels, especially those comrades who are specially in charge of propaganda work, must personally grasp and take part in the work. In propaganda and ideological work this year, they should personally grasp the project of producing one or two key spiritual products and items. They should make achievements in this regard.
3. We should establish organs responsible for providing encouragement and incentives, and adopt a preferential policy to encourage our writers, artists, actors, theoretical workers, journalists, and library and publication workers to scale new heights to produce more outstanding works.
4. We must be bold in using talented personnel, show concern, and train more talented personnel. We should exploit their wisdom and capability to create a good environment, so that they can grow up healthily.
5. We should pay attention to optimizing various essential factors in productive forces. We should observe the law governing the production of spiritual products, reasonably allocate our cadres, and pay attention to protecting and emancipating our productive forces. We should implement the double-hundred policy, and encourage our artistic workers to explore their way forward boldly, carry out academic exchanges, and hold

consultations with regard to artistic skills. We should allow the existence and competition among different academic views, different artistic schools, and different artistic styles. [passage omitted]

In his speech, Guan Guangfu particularly emphasized that we should excavate Hubei's brilliant cultural heritages, and carry forward our national culture. He said: Hubei was a birthplace of the Chu culture, and also a land stained with the blood of our martyrs. We should fully give play to our strong points and organize force to excavate our brilliant ancient culture and the precious cultural wealth of the revolutionary war period to make our own contributions to the building of the socialist spiritual civilization and cultural exchanges of the world. [passage omitted]

Southwest Region

Liu Zhengwei Discusses CPPCC Committee Work

HK1203112791 Guiyang Guizhou Provincial Service
in Mandarin 2300 GMT 4 Mar 91

[Excerpts] Liu Zhengwei, secretary of the Guizhou Provincial CPC Committee, delivered a speech entitled: Strengthen Unity and Forge Ahead Under the Guidance of the Spirit of the Seventh Plenary Session at the opening ceremony of the Fourth Session of the Sixth Guizhou Provincial CPPCC [Chinese People's Political Consultative Conference] Committee yesterday [4 March].

He emphatically pointed out: CPPCC committees at all levels shoulder a heavy responsibility and can accomplish a lot in attaining the second-stage strategic goals and successfully carrying out all types of work.

On behalf of the provincial party committee, he put forth the following four-point view on CPPCC work:

1. To conscientiously organize and urge CPPCC Committee members at all levels and personages of all walks of life to study and implement the spirit of the Seventh Plenary Session of the 13th CPC Central Committee, unify their understanding in accordance with the spirit of the seventh plenary session, and focus on the great practice of attaining the second-stage strategic goals; [passage omitted]

2. To adhere to economic construction as the center, put forward proposals, and make efforts to push ahead with reform, opening up, and socialist modernization building. [passage omitted] We must strengthen our own sense of historical responsibility as well as sense of urgency of our times. Some of the characteristics of the initial stage of socialism have asserted themselves more strongly in Guizhou. In view of this situation, we must further emancipate our minds, more boldly carry out reform, and adopt more flexible and practical measures. [passage omitted] We must take more effective measures to overcome difficulties by instituting in-depth reform and try to strengthen our abilities of promoting reform and opening up in practice.

3. To adhere to the principle of simultaneously grasping two civilizations building and play an active role in promoting socialist spiritual civilization building and socialist democracy and legal system building. [passage omitted]

4. To adhere to the CPC-led multiparty cooperation and political consultation system, consolidate and expand the patriotic united front, and safeguard the political situation of stability and unity. It is necessary to carry out long-term cooperation under the guidance of the principle of long-term coexistence, mutual supervision, utter devotion to each other, and sharing honor or disgrace. It is necessary to advocate free expression of opinions, make bosom friends, and strive to create an atmosphere of democracy, unity, and harmony under the premise of adhering to the four cardinal principles. [passage omitted]

Attends Agricultural Conference

HK1203123391 Guiyang Guizhou Provincial Service
in Mandarin 2300 GMT 10 Mar 91

[Excerpts] Yesterday afternoon [10 March], Liu Zhengwei, secretary of the provincial party committee; Governor Wang Chaowen; Su Gang, chairman of the provincial Advisory Committee; Zhang Yuhuan, chairman of the provincial People's Congress; (He Renzhong), vice chairman of the provincial Advisory Committee; Vice Governor Wang Anze; and other leading comrades attended the provincial agricultural work conference. [passage omitted]

On behalf of the provincial party committee and government, Comrade Wang Chaowen delivered a speech on ways to ensure success in agricultural production. He pronounced seven opinions.

1. It is necessary to deepen our understanding of agriculture's status as the foundation of the national economy and to note the potential of agricultural production as indicated by bumper harvests. We should keep a cool head when we gather in bumper harvests and continue to strengthen agriculture rather than otherwise.

2. It is necessary to implement the party's policies and statutes toward rural areas. While stabilizing and perfecting the responsibility system with the household contract linking output to payment, we must implement the policy on purchasing and marketing farm and sideline products to ensure that peasants increase their production and income. Peasants are allowed to sell their rice, wheat, and maize at guaranteed prices and grain departments shall not refuse payment or hand out white slips as IOU's. The work to lighten the burden on peasants concerns many aspects and the departments concerned are required to make concerted efforts to achieve good results.

3. It is necessary to increase agricultural input. Agricultural input refers to capital input, material input, and intellectual input. The initiative of the state, collectives, and individuals should be brought into play. Efforts should be made to

absorb financial strength of all sectors to strengthen agriculture. To increase material input, chemical plants should provide for peasants a large quantity of quality chemical fertilizers, pesticides, and plastic sheeting. To increase intellectual input, we should raise the peasants' quality by conducting elementary education, organizing running training classes, and other means.

4. It is necessary to continue to invigorate agriculture by relying on science, technology, and education. This constitutes a strategic measure to develop Guizhou's agricultural production. We should continue to spread the use of 45 applied agricultural techniques recommended last year. While building the four projects covering one million mu each, we will plan to build a demonstration high-yield project covering 10 million mu. We will also train more agricultural scientists and technicians, beef up new technology research, actively cultivate fine-strain crops, expand acreage sown to improved varieties, and propagate all effective farming systems and methods, as well as cultivation techniques.

5. It is necessary to improve the performance of agriculture departments and provide satisfactory socialized service.

6. It is necessary to readjust the agricultural composition and develop agricultural production in a comprehensive way. In developing Guizhou's agricultural production, we should adopt the ideas of large-scale agriculture and of production of grain in enormous quantities [shu li da liang shi da nong ye guan nian 2885 4539 1129 6593 2814 1129 9037 7380 6034 1819] and tackle the problems concerning mountains, rivers, farmland, forests, soil, and roads in a comprehensive way to gradually achieve changes in three respects.

7. It is necessary to strengthen leadership over agricultural production and improve work style. All levels of governments must always persist in putting agriculture in the first place of our economic work, strengthen leadership over agricultural production, and prepare against natural disasters to strive for bumper harvests. Persons holding primary responsibility and leaders specially in charge of agricultural production should regularly go down to the countryside to study policies toward agriculture, solve problems there, and do solid things.

Guizhou People's Congress Committee Meeting Ends

HK1303033591 Guiyang Guizhou Provincial Service
in Mandarin 2300 GMT 4 Mar 91

[Excerpts] The 18th meeting of the seventh provincial People's Congress Standing Committee concluded yesterday morning.

Wang Zhenjiang, vice chairman of the provincial People's Congress Standing Committee, presided over the meeting.

The meeting adopted in principle: the Guizhou Provincial People's Congress Standing Committee Work Report, the Fourth Session of the Seventh Provincial People's Congress Draft Agenda, and the Fourth Session

of the Seventh Provincial People's Congress Presidium and Secretary General Draft Namelist.

The two draft documents will be submitted to the preparatory meeting of the fourth session of the seventh provincial People's Congress for discussion and approval.

The meeting also adopted the Report on Examination of Qualifications of Deputies Elected Through By-Election, which had been submitted by the Deputy Qualification Examination Committee of the Seventh Provincial People's Congress Standing Committee. [passage omitted]

At the closing session of the meeting, Chairman Zhang Yuhuan delivered a speech in which he emphatically pointed out: The fourth session of the seventh provincial People's Congress, which will start on 6 March, is another meeting aimed at mobilizing the people of all nationalities across our province to work hard, devote wisdom and efforts, and strive to attain the second-stage strategic goals of our province's modernization building. He called on all the comrades to successfully hold the meeting by displaying enhanced political enthusiasm and a high degree of political responsibility.

Luo Dengyi, Zhou Yansong, Liang Wanggui, and Luo Shangcai, vice chairmen of the provincial People's Congress Standing Committee, attended the meeting.

Zhang Yuqin, vice governor; Xie Jinhan, provincial Higher People's Court president; (Gao Qizheng), provincial People's Procuratorate deputy chief procurator; responsible persons of the People's Congress standing committees of the cities directly under the provincial authorities; responsible persons of the provincial People's Congress Standing Committee's work committees; and members of and advisers to various specialized committees of the provincial People's Congress also attended the meeting as nonvoting delegates.

People's Congress Hears Government Work Report

HK1303051791 Guiyang Guizhou Provincial Service
in Mandarin 2300 GMT 10 Mar 91

[Excerpts] In his government work report at the fourth session of the seventh provincial People's Congress, Governor Wang Chaowen set forth the objectives to be achieved and principal economic tasks for the Eighth Five-Year Plan period and the coming 10 years.

Governor Wang pointed out: In the 1990's, we must proceed from reality in all our actions, seize the opportunity to stimulate economic rejuvenation, [words indistinct], and advance towards a fairly comfortable standard of living, laying a solid foundation for development in the 21st century. According to the requirements set by the 13th CPC Central Committee's Seventh Plenary Session and the sixth provincial party committee's [words indistinct] enlarged plenary session, the key

objectives to be achieved in economic and social development in the Eighth Five-Year Plan period and the next 10 years are:

1. On the basis of greatly enhancing economic efficiency and quality, efforts should be made to achieve the second economic [words indistinct] ahead of schedule. In the Eighth Five-Year Plan period, the GNP will be required to grow at an average annual growth rate of 6 percent; the gross industrial and agricultural output value to increase 63 percent; the national income, 5 percent; and local financial revenues, 9.3 percent.
2. The people will have enough to eat and wear. The people in some localities will gradually advance towards a fairly comfortable standard of living depending on their conditions. A number of localities with a better economic background and a fairly developed commodity economy will give their people a fairly comfortable life before others, while the people's living standards in other localities, which have built up economic forces to a certain degree and where the peasants' net per-capita income has exceeded the poverty line, will gradually improve from just having enough to eat and wear to a state of leading a fairly comfortable life. Those localities which have solved the problem of feeding and clothing their population but have not shaken off poverty, will steadily shed poverty.
3. Beef up scientific and technological progress, push forward educational development, and expedite construction of key projects to increase the strength for further economic development.
4. Gradually establish a management system and an economic operating mechanism combining a planned economy with market regulation in order to meet the needs of the development of a socialist planned commodity economy.
5. The building of socialist spiritual civilization will be raised to a new level and the socialist democracy and legal system further improved.

Governor Wang added: To carry through the economic development plan, we must: One, work out the economic plan in the order of priorities: agriculture, light industry, and heavy industry, and make vigorous efforts to develop agriculture by giving priority to grain production; two, accelerate the development of light, engineering, and electronics industries with a view to expanding existing financial sources and opening up new ones; three, make great efforts to develop energy and raw and semifinished materials industries and step up the construction of the infrastructure by stressing the intensive processing of natural resources; four, attach importance to improving the circulation field; and five, expedite the development of the tertiary industry so that the economy as a whole will embark on a path of comprehensively tapping natural resources, having the natural resources processed to increase their output value, and developing advantageous industries.

Reporters Briefed on Tibet's Development Plans

OW1303060291 Beijing XINHUA Domestic Service
in Chinese 0203 GMT 13 Mar 91

[By reporters Lang Jie (2597 2638) and Liu Qizhong (0491 0366 0022)]

[Text] Lhasa, 13 Mar (XINHUA)—In his recent interview with the reporters, Mao Rubai, vice chairman of the Tibet Autonomous Regional People's Government, said: In the next five to 10 years, the autonomous region will concentrate its main efforts on agriculture and animal husbandry to raise the output of agricultural and livestock products, especially that of grain, to new levels.

Mao Rubai briefed the reporters on Tibet's "Eighth Five-Year Plan" and 10-Year Program for Social and Economic Development. He said: In the next five to 10 years, the autonomous regional people's government will beef up basic industries such as energy, communications, and postal and telecommunications services. It will also vigorously develop light industry, the textile industry, mining, ethnic industries, and tourism.

According to the "Eighth Five-Year Plan" and 10-year program, the autonomous region will increase substantially its input in agriculture and animal husbandry in an effort to achieve 625,000 tonnes in grain output in 1995 and 725,000 tons in 2000. Tibet's total grain output reached a record 555,000 tons last year, and its per capita grain share is expected to increase from 253 kg last year to 263.7 kg in 1995 and 282.1 kg in 2000. The total meat output is projected to rise from 93,000 tons last year to 112,000 tons and 129,000 tons. This will contribute to increases in per capita meat share from 42 kg in 1990 to 47.3 kg and 50.2 kg.

Mao Rubai said: If these goals are realized, the per capita net income of Tibet's peasants and herdsmen will reach 550 yuan in 1995 and 800 yuan in 2000, which are sizable increases over 430 yuan in 1990. By that time, most people will be enjoying more stable supplies of food and clothing, and more peasants' and herdsmen's families will be leading fairly comfortable lives.

Speaking on the prospects of developing Tibet's basic industries, Mao Rubai said: Tibet has abundant sources of water, geothermal, and solar energy. The government will concentrate on developing hydroelectric power and actively tap geothermal and solar energy in the future. It plans to raise the total installed capacity of electricity from 150,300 kilowatts to 258,000 kilowatts and 390,000 kilowatts in 1995 and 2000, respectively. In communications, Tibet will focus its highway construction during the "Eighth Five-Year Plan" period on harnessing a 500 km stretch of frozen earth along the Qinghai-Tibet highway, repairing the Sichuan-Tibet and Sino-Nepalese highways, opening a highway to Medog County which is the only county unaccessible by car in Tibet, and accelerating the construction of roads in border areas, counties, and townships. Moreover, it will complete the expansion of Gonggar Airport in Lhasa. In

the postal and telecommunications sectors, Tibet will energetically develop communication satellites. It plans to build 39 satellite ground receiving stations, make telephone services available to all counties, and incorporate long-distance telephone networks in urban areas at and above the prefectural or city level into the nationwide network during the latter stage of the "Eighth Five-Year Plan" period.

Mao Rubai said: In the future, Tibet will draw up more preferential policies, strengthen contacts and cooperation with domestic and foreign enterprises, and adopt a more open policy to ensure the implementation of the development program and plan.

Northwest Region

Yin Kesheng Addresses 'Jiao Yulu' Film Premiere

*HK1203031591 Xining Qinghai Provincial Service
in Mandarin 2300 GMT 4 Mar 91*

[Text] The recent trial showing of the excellent movie "Jiao Yulu," which depicts model county party committee Secretary Jiao Yulu's lofty ideological quality and fine spirit, has caused strong repercussions among all walks of life in society.

After seeing the movie, provincial party committee Secretary Yin Kesheng spoke highly of the ideological and educational significance of the movie and called for organizing all party members and cadres across the province to see the movie to enable them to learn from, inherit, and develop the Jiao Yulu spirit.

Yesterday afternoon [4 March], the provincial party committee's propaganda department and organization department, the provincial radio and television department, the provincial culture department, and the provincial federation of trade unions jointly held a ceremony in the provincial movie release and projection company to mark the official release of the excellent movie "Jiao Yulu."

Provincial party committee Deputy Secretary Sang Jiejia made a speech at the ceremony.

In his speech, Sang Jiejia said: The official release of the excellent movie "Jiao Yulu" can provide a good and vivid teaching material on hard work to the cadres and masses of all nationalities, who are currently engaged in Qinghai's building and development. He called on all departments concerned to conscientiously and successfully carry out all types of work relating to the movie, such as propagating, releasing, showing, and dubbing the movie, and organize and guide the broad masses of cadres and people to see it to give full scope to its ideological education role. He expressed the hope that all cadres and people throughout the province will receive education and encouragement from the movie, take Comrade Jiao Yulu as a good example, and learn from his lofty party spirit principle, his fine quality of wholeheartedly serving the people, and his selfless dedication spirit to do work better.

Leading comrades of the relevant departments of the provincial party committee and the provincial government also attended yesterday's ceremony.

Addresses Women's Day Rally

*HK1303130791 Xining Qinghai Provincial Service
in Mandarin 2300 GMT 8 Mar 91*

[Excerpts] A women's rally to mark the 8 March Women's Day and an oath-taking rally by heroines who are determined to make contributions was solemnly held in Xining. Over the past century, laboring women throughout the world have been waging unyielding struggle to oppose discrimination, oppression, and exploitation. The 8 March International Women's Day has become a brilliant red-letter day for the world's laboring women. To mark this occasion, yesterday afternoon [8 March] the provincial women's federation held a solemn rally in a provincial government auditorium. Comrades Yin Kesheng, (Pang Jinwen), Doba, Ma Wanli, Huanjue Cenam, Bainma Dandzin, (Kang Shichang), Xabchung Garbo, Ma Wending, Yang Wenjin, Yang Maojia, (Han Yongxian), Song Bu, Fu Shichun, Wang Fuxiang, Han Shengui, Zhaxi Anjia, and others attended the rally. More than 1,000 people were present at the rally, including responsible persons from the relevant departments and bureaus, mass organizations, and Army units, as well as women delegates of various nationalities from all walks of life in Xining. The rally was presided over by (Ma Yufeng), vice chairman of the provincial women's federation. [passage omitted]

Provincial party Secretary Yin Kesheng addressed the rally. On behalf of the provincial party committee and government, he wished women on various fronts throughout the province, and workers responsible for women's work, a happy festival. He said: Over the past 10 years, like the broad masses of women throughout the province, women of various nationalities throughout the province have conscientiously upheld the four cardinal principles and enthusiastically participated in building the two civilizations. They carry out various kinds of vivid and collective social activities. They have done a lot and played an important role in promoting economic construction, safeguarding nationality solidarity, protecting legitimate interests and rights of women and children, and enhancing the status of women themselves. They have made brilliant achievements worthy of our times.

In his speech, Comrade Yin Kesheng hoped that the broad masses of women would conscientiously study and implement the spirit of the Seventh Plenary Session of the 13th CPC Central Committee, develop a spirit of making themselves strong and self-reliant, and play their own role in building socialist spiritual civilization. He also hoped that they would diligently study political and cultural knowledge, and science and technology, to continuously enhance their own ability to make more contributions to Qinghai's stable economic development.

At the rally, the provincial women's federation also issued a call to women of various nationalities in various

quarters of the whole province. Twenty-two women delegates from provincial units, including Xining Steel Plant, the provincial commercial bureau, the provincial science and technology association, and others who attended the rally, submitted a written pledge by heroines who are determined to make contributions. They stressed that they would resolutely answer the call and do their bit for our province's economic development with their own practical actions.

Zhang Boxing Talks With University Teachers

HK1103150591 Xian Shaanxi Provincial Service
in Mandarin 0030 GMT 7 Mar 91

[Text] Yesterday afternoon provincial party Secretary Zhang Boxing braved the rain to go to Northwest University to hold discussions with some teaching and administrative staffs, and made a report on current affairs for more than 1,800 teaching and administrative staffs.

Zhang Boxing briefed them on the international and domestic situation, the achievements of the whole province scored since reform and opening up, and the plan for the future. He said: In the 1990's we are facing a situation characterized by a new significance and challenge. Shaanxi's scientific and technological strength ranks third in the whole country. Therefore, in the future we stand a very good chance of success in invigorating Shaanxi with science and technology.

In conclusion, Zhang Boxing hoped that universities and colleges would carry forward the fine tradition of running universities through hard struggle to train more talented personnel for the motherland, and that they would promote scientific and technical research work in a still better way to make contribution to invigorating Shaanxi's economy. He also hoped the broad masses of students would study hard to lay a good foundation in order to make a still greater contribution to the great cause of socialism.

Xinjiang Party Committee Holds Plenary Session

OW1203105291 Urumqi Xinjiang Television Network
in Mandarin 1655 GMT 11 Mar 91

[Text] The 17th plenary meeting of the Third Xinjiang Uygur Autonomous Regional Committee opened in Urumqi this morning. Wang Enmao, vice chairman of the National Committee of the Chinese People's Political Consultative Conference and chairman of the regional Advisory Committee; Song Hanling, secretary of the regional party committee; Tomur Dawamat, Janabil, Li Shoushan, Amudun Niyaz, Zhang Sixue, and (Zhang Fusheng), deputy secretaries of the regional party committee; and members and alternate members of the regional party committee, totaling 64 people, attended the meeting. Members of the regional Advisory Committee and the regional commission for discipline inspection attended the meeting as observers. [Video shows inside of a conference room with medium closeup shots of regional leaders,

including Wang Enmao, Song Hanliang, Tomur Dawamat, Janabil, and Amudun Niyaz]

Comrade Song Hanliang presided over and spoke at the meeting. He said: This meeting is an important one to make preparations for the successful convocation of the Fourth Xinjiang Uygur Autonomous Regional party congress; examine and approve a report to the regional party congress; check preparatory work for the regional party congress; and unify everyone's thinking, understanding, and actions.

Comrade Amudun Niyaz made a report on the work of preparations for the convocation of the Fourth Xinjiang Uygur Autonomous Regional party congress.

Session Communique

OW1303064391 Urumqi Xinjiang Television Network
in Mandarin 1650 GMT 12 Mar 91

[Communiqué of 17th Plenary Session of Third Xinjiang Regional CPC Committee; from the "Xinjiang News" program]

[Text] The 17th Plenary Session of the Third Xinjiang Regional CPC Committee was held from 11 to 12 March 1991 in Urumqi. [Video opens with a long shot of a meeting hall where leaders are seated at a long table facing the other participants]

The session was attended by 50 members and 11 alternate members of the regional party committee. Members of the regional Advisory Commission and Discipline Inspection Commission were present as observers. [Video shows pan shot of leaders, including Tomur Dawamat, Wang Enmao, and Song Hanliang]

The session adopted a decision to hold the Fourth CPC Congress of Xinjiang Uygur Autonomous Region on 14 March 1991. The session discussed and adopted a draft report of the Third CPC Committee of Xinjiang Uygur Autonomous Region and decided to submit it to the fourth regional party congress for examination and approval. The session heard a report on the preparatory work for the fourth regional party congress delivered by Amudun Niyaz, deputy secretary of the regional party committee, on behalf of the Standing Committee of the regional party committee. During the period of the session, comrades conducted serious discussions of the items on the agenda in an atmosphere of democracy, unity, and liveliness. [Video pans to show participants seated in rows]

Before the end of the session, Comrades Wang Enmao and Song Hanliang delivered speeches. [Video cuts to show Wang Enmao speaking]

The session called on all Communist Party members, cadres, and masses of all nationalities in the region to promote unity, pluck up their spirits, work hard, and make the fourth regional party congress a meeting that will boost morale, promote unity, and bring Xinjiang to prosperity.

Article Notes Taiwan Independence Trends

HK1203142591 Hong Kong *LIAOWANG OVERSEAS EDITION* in Chinese No 9, 4 Mar 91 pp 21-22

[Article by Zhang Fengshan (1728 7685 1472): "New Trends in the Activities of 'Pro-Taiwan Independence' Forces"]

[Text] Starting early last year, an important feature in the development of the political situation in Taiwan was the growing rampancy of "pro-Taiwan independence" activities and the rising intensity in the struggle between reunification and independence. An important manifestation of this feature was that the "pro-Taiwan independence" forces both at home and overseas were no longer content with collusion and coordination over concrete issues, but have shown a new trend toward the pursuit of organizational "conformity." This was manifested in three ways:

—Merging into new organizations. First, the Association of Christian Elderlies in Taiwan, the General Association of Political Victims in Taiwan, the Political Victims' Northern Foundation, and some members of the Democratic Progressive Party [DPP] formed the "New National Alliance" in May 1990. This organization has been regarded as the "advanced party" spearheading the return to Taiwan of the "Alliance for Taiwan Independence." Subsequently, along with the development in the struggle between reunification and independence, the "pro-Taiwan independence" forces also stepped up the pace of their organization. A small group of students who had raised the banner of "student movement" last October has changed to the standard, "Alliance of New Taiwan Generation for Sovereign Movement." In November, an "Association to Promote Popular Elections" headed by the former chairman of the "Alliance for Taiwan Independence," Ts'ai T'ung-jung, was created, counting among its members some leaders of religious elderlies, DPP leaders, liberal scholars, former residents and capitalists, with the primary objective of "pressing for popular elections to determine Taiwan's future." In December, the "Taiwan Professors' Association" was born. This is a small faction formed by dozens of so-called "liberal scholars" who are appearing as professors and who have been advocating forcefully in favor of the "pro-Taiwan independence" forces and concocting "pro-Taiwan independence" theories for a long time. It clamoured for "independence of Taiwan sovereignty," and not long after its creation, it became the "pioneer" leading the "25 December march" which sought "solidarity" with "pro-Taiwan independence" elements Huang Hua and demanded "sovereignty and independence." By 28 December, led by some people from the DPP's mainstream faction, the "Beautiful Island stream," the overseas "pro-Taiwan independence" organization, the "Taiwan People's Public Affairs Association," and the "Asia-Pacific Democratic Association," the "Committee in Defense of Taiwan" was established by absorbing some

scholars and nonparty affiliated personalities both inside and outside the island who have sympathized and supported their activities in certain aspects. The committee also decided to confront the Kuomintang on the questions of "constitutional amendments" and "cross-strait policy."

—Implementation of various forms of bilateral alliances. For instance, the overseas "Committee on Drafting of the Constitution" led by the "Alliance for Taiwan Independence," the "New Constitutional Convention," the Taiwan Foundation for International Relations," and the "Taiwan Center for International Relations." Some of them have forged "alliances through agreements," or cooperate with each other on a permanent basis, or have principal-subordinate relationship.

—Bridging rifts and stressing unity. Following last year's elections of "three types of civil servants," some leaders of the two major DPP factions, the "Beautiful Island stream" and the "New Wave stream," have sought common grounds and reserved their differences in line with this spirit on the question of "Taiwan's future" and have jointly stirred up a "pro-Taiwan independence" wave. Last December, 10 organizations with a very strong "pro-Taiwan independence" flavor including the island's "Taiwan Foundation for International Relations," "New Wave," "New National Alliance," "New National Front," and "General Association of Political Victims" held a "meeting of communications among the opposition movement" in Taichung with the objective of "communication and conformity." It was considered as the "first great consensus among the pro-independence factions in history." Earlier, the radical forces "within the Alliance" and headed by the "Alliance for Taiwan Independence" and the moderate forces "outside the Alliance" and headed by the "Taiwan People's Public Affairs Association" also held similar activities under the prodding of Szu Ming-te. It should be noted particularly that the two most influential "pro-Taiwan independence" forces both inside and outside the island, namely the "New Wave" and the "Alliance for Taiwan Independence," had previously had a "very strained" relationship because of their differences over the "people's democratic revolutionary line" and the "violent revolutionary line" as well as the contention over "pro-Taiwan independence" turf arising from the "Alliance for Taiwan Independence's" return to Taiwan. However, following the link-up last August, the two sides have decided to "bury the hatchet" and to "join hands to work together and fight for the Taiwan people."

The emergence of this new trend among the "pro-Taiwan independence" forces both at home and overseas may be attributed to both "strategic thinking" as well as to concrete and realistic factors.

One. "Join hands in the struggle for Taiwan's independence." The leaders of all "pro-Taiwan independence" forces recognized that now that the "reform of Taiwan's

constitutional and political structures" has been brought into the agenda, the result will affect not only the redistribution of power in Taiwan, but will also seriously influence the future direction regarding the "future of Taiwan." While they use the excuse that the development of relations across the strait has caused Taiwan to be confronted by the "unprecedented danger" of being "swallowed by communist China," in reality, they are out to seize control and initiative over the issues of "constitutional amendments" and "Taiwan's future" and subsequently gain political power in order to realize "Taiwan's independence." After summarizing past "lessons," they felt that the "opposition movement has for a long time lacked organization, with each going his or her own way, and thus undercutting their own strengths," and maintained that there was a need for "unity and cooperation." Therefore, more than 40 organizations held the "People's Congress To Discuss Taiwan's Future" in the United States last June. A resolution adopted at the congress proposed: "The people of Taiwan are at the critical moment of life and death. We call on all Taiwan people to unite together to establish a new and independent country."

Two. Out of the need for survival and growth. The "burying of the hatchet" by the "Alliance for Taiwan Independence" and the "New Wave" is a classic example of this situation. The contradictions between the two organizations, long deep and intense, have developed into a mutually destructive stage. The two sides also needed each other. The "Alliance for Taiwan Independence" knew that without the support of the "New Wave" which is fairly influential in the island, it would be hard to realize its plan "to return to Taiwan." Meanwhile, the "New Wave" also recognized that if its overseas "funding" were cut off, maintenance of its operations would not be easy. Hence, out of their own respective interests, the two sides were obliged to link up with each other, make compromises, and engage in "unity and cooperation."

Three. Some organizations have grown more mature and have taken heed to disengage from factional rivalries and to begin to compromise and cooperate. Some leading personalities engaged in factional rivalry within the DPP have explicitly proposed "the creation of a mutually motivating culture which favors friendly competition, division of work and cooperation within the party." At the "meeting of communications among opposition movements" held at the end of last year, it was also proposed that opposition organizations "should develop their own strengths and cooperate with one another." Leaders of the "New Wave stream" which had always stressed "unity through struggle" have also indicated that "in recent years, they have learned to work with people with different views within the party." The development of this trend should be given great importance.

Because of the extremely acute contradictions and differences between the different "pro-Taiwan independence" forces as well as to the unwillingness of some organizations' leaders to become "mere followers," it is

not possible for them to achieve the goal of total conformity. However, this important trend should not be thus dismissed. Taiwan's public opinion maintains that without conformity between the two factions within the DPP, there could be no "great democratic constitution"; without the conformity between all "pro-independence" forces, there could have been no "25 December march." Now, regarding the plan for "constitutional amendments" of "one organ (the National Assembly) and two-phased revision of the Constitution" as presented by the Kuomintang and the situation both inside and outside the island, the "pro-Taiwan independence" organizations or the other united forces led by the "pro-Taiwan independence" organizations have all come up with countermeasures. The "Committee in Defense of Taiwan" has "decided" to thoroughly oppose participation by the aging "National Assembly delegates" in the "constitutional amendment process"; press for "direct presidential elections"; "oppose annexation of Taiwan by communist China"; and "urge active guidance and correction of Mainland Chinese affairs." On the other hand, the "Alliance for Taiwan Independence," the "New Wave" and the "New National Alliance" stressed the need to jointly launch a "movement to draft a new constitution"; press for the return to Taiwan of the "Alliance for Taiwan Independence"; and the "education of the Taiwan people on theories about Taiwan independence." To this end, the "Taiwan is Taiwan," a work on "pro-Taiwan independence" theories written by an American will be published. It was also decided that "Taiwan's young people should be encouraged" to enroll in military schools so that they can become military officers who will work toward "independence and nation-building." The "Association to Promote Popular Elections" decided to adopt a "dual-track policy" to be directed by Ts'ai Tung-jung who has always advocated the realization of "Taiwan independence" through popular elections. Meanwhile, with his financial resources, Wang K'ui-jung, the current chairman of the "Taiwan People's Public Affairs Association," wants to resort to all kinds of measures to exert pressure on the Kuomintang from overseas and force it to agree to popular elections. One of these measures is: Through Solarz, chairman of the House Subcommittee on Asia-Pacific Affairs, he was able to present a bill in Congress demanding the passage of a resolution saying that "the future of Taiwan should be decided through an effective democratic exercise of popular elections in compliance with the aspirations of the people of Taiwan." At the same time, the "Association to Promote Popular Elections" also "endeavored" to lobby a UN special commission to conduct a popular election in Taiwan. Toward this end, it has plotted to present to the United Nations on 7 September this year, the 40th anniversary of the signing of the "Treaty of San Francisco" a petition signed by 1 million Taiwan people calling for a "resolution" providing for "Taiwan's future to be decided by popular elections." Quite obviously, they have now taken their position for a showdown with the Kuomintang. It may be expected that with the termination of the "period of communist rebellion," the atmosphere in

all of Taiwan will generally favor the "pro-Taiwan independence" activities. All kinds of "pro-Taiwan independence" forces will launch a struggle against the Kuomintang on all fronts including the "direct presidential elections," "drafting of the Constitution" and "Taiwan independence." This will lead to greater turmoil in Taiwan's political situation.

Guan Guangfu Attends Meeting on Taiwan Work

*HK0703115891 Wuhan Hubei Provincial Service
in Mandarin 1000 GMT 3 Mar 91*

[Excerpts] A provincial meeting on Taiwan work convened by the provincial CPC committee in Wuhan ended today. Provincial party Secretary Guan Guangfu held discussions with participating comrades on our province's work toward Taiwan. He also spoke at the meeting. Guo Shuyan, deputy provincial party secretary and provincial governor, addressed the meeting. The meeting was respectively presided over by Zhong Shuqiao, member of the provincial CPC committee Standing Committee; Han Hongshu, vice provincial governor; and Mu Changsheng, deputy head of a group responsible for the work toward Taiwan under the provincial CPC committee and vice chairman of the provincial Chinese People's Political Consultative Conference [CPPCC]. [passage omitted]

The meeting maintained that we must mobilize various quarters in society to do the work toward Taiwan. Various localities, departments, and units must carry out propaganda and education in the party guiding principle and policies toward Taiwan among cadres and the masses, so that they understand the situation of peaceful reunification of the motherland, and conscientiously do their work for it.

The meeting pointed out: Strengthening our province's work toward Taiwan, doing well economic and trade

work toward Taiwan, and maintaining economic ties between the two sides of the strait are important aspects of our work toward Taiwan. We must seize the present favorable opportunity to give full play to our province's strong points and arouse positive factors in various quarters to attract more Taiwan businessmen to make investments in Hubei. We must make efforts to improve the investment environment, provide more consultative services, and constantly improve our laws and decrees. At present, we must help Taiwan businessmen to run well the existing Taiwan-funded enterprises to give play to their exemplary role in the expansion of absorbing Taiwan capital.

The meeting continued: Further expanding exchanges between persons from the two sides of the strait, and promoting various kinds of exchanges are other important aspects in our work toward Taiwan. We must promote various kinds of exchange activities, so that they can develop toward a direct and two-way direction. In the meantime, we must do our work in a meticulous manner. This will enable our exchange activities to advance in a healthy, sustained, and stable way. We must adopt proper methods to take the initiative in positively carrying out propaganda among Taiwan compatriots on our party guiding principle and policies toward Taiwan including peaceful reunification, one country, two systems, and others.

We must give publicity to Hubei's achievements in construction over the past 40 years or so, especially its success in reform and opening up over the past 10 years or so. We must tell Taiwan compatriots about Hubei's investment environment, investment policy, scenic spots and historical sites, history, culture, and so on to kindle their enthusiasm for the country and native place, and increase their centripetal force for the mainland, and enhance their national pride.

Policemen Abducted to Fujian by Mainlanders

OW1203084991 Taipei Domestic Service
in Mandarin 2300 GMT 9 Mar 91

[Text] On the evening of 8 March, three policemen from (Paochih) Corps were suddenly abducted by a fishing boat, MINHSING 5069, while they were escorting the boat, suspected of smuggling, on the waters near (Peng-chiayu) Isle. The police carried out a comprehensive search and investigation immediately after the incident. Last night, the mainland authorities revealed that the three policemen had been safely taken to Fujian [words indistinct]. No further information is available.

The three policemen from (Paochih) Corps are Cheng Chi, Chou Chien-kuang, and Chao Hung-san. They were carrying two [words indistinct] submachine guns, a pistol, and a walkie-talkie with a two-km range when the incident happened. There was obviously no use of force involved.

Chuang Heng-tai, director of the police department, is quite concerned about this incident. In addition to going personally to (Paochih) Corps to find out about the situation, he also ordered a review of operational procedures on the sea and issued other directions.

In addition, according to the military and police units of Fujian Province, the departments concerned have begun dealing with the incident involving the abduction of three Taiwanese policemen of (Paochih) Corps by a mainland fishing boat. They said the three are in good condition at present.

Speaking of the abduction, a police officer on duty at the Fujian Provincial Public Security Department, who refused to disclose his name, said that the department had received a report on the incident but the actual situation is still unclear and that it is being handled by the Frontier Department.

Although the officials from the Chinese Communist Frontier Department have not revealed how the Chinese Communists would handle this incident, judging from the words of the officials of the Public Security and Frontier Departments of Fuchien, the MINHSING fishing boat which abducted the three policemen, has returned safely to Fujian and the policemen had been handed over to the relevant department of the Chinese Communists for further action. Their return is only a matter of time.

Further on Kidnapped Policemen

OW1303032891 Taipei CNA in English 0242 GMT
13 Mar 91

[Text] Taipei, March 13 (CNA)—Republic of China [ROC] police authorities urged the Chinese Communists Tuesday to release immediately three ROC policemen abducted by Mainland Chinese fishermen last week.

The National Police Administration (NPA) said in a statement that the Chinese communist authorities have

no reason to keep under custody the three "who were simply carrying out their legal duty of cracking down on smuggling."

According to the police, the three members of a special anti-smuggling squad were abducted by the crew of the "Minpingyu No. 5069" March 8 after they had been sent from a police patrol boat to check the mainland fishing boat which had intruded into Taiwan waters.

The patrol boat, which turned away to chase another mainland fishing boat, lost contact with them hours later.

The mainland Red Cross has confirmed that the ROC policemen were taken to Pingtan, in Mainland China's southeastern province of Fukien [Fujian], but mainland authorities have so far declined to let them contact either their family members or their headquarters.

Premier Hao Po-tsun told the Legislative Yuan Tuesday that the government will handle the incident properly without violating the Republic of China's official policies on mainland relations.

Emphasizing that relations between both sides of the Taiwan Strait are "very delicate," Hao declined to say too much while negotiations on the policemen's release are still proceeding through available channels, a reference to the Red Cross societies on both sides of the strait.

The ROC Red Cross has told the mainland authorities through the mainland Red Cross that it hopes to send staff members to Fukien to meet the abducted policemen, but there has not yet been a response from the mainland side, a spokesman said.

In addition to calling for the release of the policemen, the NPA statement also urged the Chinese communist authorities to keep mainland fishing boats from invading Taiwan waters and from attacking Taiwan fishing boats. To do otherwise might hurt relations between the people on both sides, it said.

Mainland fishing boats have contributed to increasingly rampant smuggling across the strait during the past year and they have repeatedly attacked or harassed Taiwan fishing boats, the statement charged.

"Such behavior seriously threatens the security and economic development of the Taiwan area," it added.

According to the NPA, mainland fishermen have been involved in more than 20 major arms-smuggling and robbery cases in the strait, with the last one occurring Feb. 28 when crew members of a Taiwan fishing boat were robbed, killed, or injured by their mainland counterparts.

Hao Says Kinmen, Matsu To Remain War Zones

OW1303035891 Taipei CNA in English 0250 GMT
13 Mar 91

[Text] Taipei, March 13 (CNA)—Prime Minister Hao Po-tsun said Tuesday that the status of Kinmen and

Matsu as war zones will remain unchanged after the Period of Mobilization Against Communist Rebellion ends in May.

The fact remains that Kinmen and Matsu are within the range of Chinese communist artillery, Hao added.

The offshore islands of Kinmen and Matsu are major outposts of Taiwan's defense. The shortest distance from Kinmen to communist-held territory is less than 1.5 miles.

Hao urged people in Taiwan not to forget the importance of Kinmen and Matsu after the end of the communist rebellion period. Otherwise, he said, "It will not only affect the security of the islands, but also pose a serious threat to the security of Taiwan and Penghu."

He said that the role of Kinmen and Matsu as offshore bases protecting the security of Taiwan will remain the same.

Government To Allow More Investment in Mainland
OW1303074591 Taipei CHINA POST in English
8 Mar 91 p 6

[Text] The government will allow more industrial categories for investment in mainland China to help legalize and keep tabs on local businessmen's ventures there, said officials at the Ministry of Economic Affairs yesterday.

"We want to help local businessmen with their mainland investments," said Wang Chih-kang, vice minister of economic affairs. "But we do not know where to find them."

To induce businessmen to register their mainland ventures with the government by the April 6 deadline, the ministry will widen the allowable range of industrial categories for indirect investment in the region, other ministry officials said.

The government will still exclude those investment projects which will endanger national security, hamper economic development, leak high technology or have considerable linking effects on local industries, they noted.

The range will be expanded so that the majority of factories established in the mainland will have a proper channel for legalization, the officials added.

One of the major reasons discouraging local businessmen from registering their mainland businesses with the government here is the limited range of items allowable for such investment, which currently number 3,353.

Of the estimated 1,600 local firms investing some U.S. \$1.5 billion in the mainland, less than one percent have registered with the government, making it difficult for economic authorities to trace their activities, according to the ministry.

In another move to raise the number of registered ventures, economic officials said Wednesday that these investors would have to pay taxes for their mainland earnings by April 6.

But the government will have a hard time tracing these investments, some of which are made indirectly through paper firms in a third country, with some others breaking a ROC [Republic of China] ban by making direct ventures.

Government officials said they will assist those firms with direct investments to attain legal status by helping them set up paper companies in Hong Kong to divert their funds to the mainland.

The government's efforts to regulate businesses set up in the mainland have come at a time when many investors are retreating from the region due to heavy losses, according to press reports.

For example, locals investing in umbrella manufacturing industries in the mainland have reported 80 percent losses due to vicious competition and Communist Chinese red tape, said local entrepreneur Dai Sheng-tung.

Progress in Developing Fighter, Missiles Outlined
OW1303062491 Taipei Domestic Service
in Mandarin 2300 GMT 11 Mar 91

[Text] The Chungshan Institute of Science and Technology revealed on 11 March that the initial work has been completed in the research and development of the Chingkuo fighter aircraft [indigenous defense fighter] and the first generation of various types of missiles, and plans are under way for their production. The total amount to be spent on this in the next 10 years is estimated at \$18 billion [new Taiwan dollars]. Manufacturers in the country are going to play an active role in acquiring technology transfer and making accessories and parts for the military.

A representative from the research and development unit of the Chungshan Institute of Science and Technology pointed out at an 11 March discussion meeting with domestic manufacturers on integration of the national defense industry: Currently, the annual amount of standard accessories and parts for military equipment purchased from government-owned and private factories through public bidding has reached \$1.2 billion [new Taiwan dollars]. Special accessories and parts for military equipment purchased from abroad has amounted to \$630 million [currency not specified] per year. Nearly 600 suppliers are involved in the regard. Items like the Chingkuo fighter belong to the category of high-tech, sophisticated weapons and equipment. All accessories and parts must pass the military or aeronautical specification tests to ensure their reliability. However, most domestic products can only conform to the commercial specifications rather than meeting the military and aeronautical specifications. So, there is an urgent need to raise their technical standards.

Defense, Private Sectors To Combine Production

OW1203031791 Taipei CNA in English 0238 GMT
12 Mar 91

[Text] Taipei, March 12 (CNA)—Defense Minister Chen li-an said Monday that his ministry will actively promote cooperation with the private sector in the manufacturing of military equipment and supplies.

Speaking at a seminar attended by officials from the ministries of economic affairs and national defense, legislators, and local manufacturers, Chen said that the joint production of military equipment by the Defense Ministry and private sector will have great significance for the Republic of China's overall economic development.

Economics Minister Vincent Siew [Hsiao Wan-chang] said that it is a good beginning for the Defense Ministry to combine its efforts with the strength of the private sector to produce military equipment. Both sides should not only make a comprehensive study of the problems that might arise from the private sector producing military equipment but should also try to surmount all barriers in a bid to promote cooperation.

Legislator Ting Shou-chung suggested that the ministries of national defense, economic affairs, and communications should closely coordinate their efforts to ensure the program's success.

Local manufacturers also made suggestions concerning the signing of agreements, joint research and development projects, and manpower development.

Taiwan's Purchase of ROK Corvettes Analyzed

OW1203134591 Taipei CHUNG KUO SHIH PAO
in Chinese 7 Mar 91 p 2

[“News analysis” by Seoul-based special correspondent Tsao Chi-jen (2580 4480 0088) on 6 March]

[Text] On 1 December 1983, the Republic of China [ROC] started negotiations with Korea's Hyundai Heavy Industries for the purchase of “Ulsan-class” warships. After eight years of discussion and evaluation of combat capability, it finally decided that funds from the “Kuanghua Special Program” (PCEG) will be used during the current fiscal year to purchase from Korea 16 to 18 12-million-ton “Pohang-class” corvettes, a smaller version of the “Ulsan-class” warships. This will fill the gap that existed before the current “Kuanghua No. 1” “Paili-class” destroyers were commissioned by the ROC Navy.

Since the announcement of the special programs of “Kuanghua No. 1” and “Kuanghua No. 2” (PCEG), the ROC naval authorities, when making purchase of warships from abroad, have considered the advanced nations' naval combat capability, evaluated their warships' ability to strengthen combat capability in the Taiwan Strait, and studied the possibility of purchasing these warships. Considering the “international situation” at that time, the “spot market of warships,” the “demand for combat capability,”

and the “need to promptly acquire spot goods to complete the remodeling ahead of time,” apparently the 2,000-ton “Ulsan-class” warships manufactured by South Korea's Hyundai Shipyard best suit the ROC Navy's needs. Unfortunately, during that period, the ROC and Korea were experiencing diplomatic frictions, and South Korea's “north-bound policy” of drawing closer to the Chinese Communists incited the public in the ROC to resent South Korea. To eliminate the “anti-Korea sentiment” at home, the ROC Government and naval authorities gave up the conditions and relevant details that had been negotiated with the Hyundai Heavy Industries, and suspended all negotiations with Korea on the warship purchase plan. However, after two years of inertia, the “Kuanghua Special Program” (the part dealing with purchases abroad) pushed by the ROC Navy did not yield anything fruitful. Meanwhile, the remodeling of outmoded warships, the most urgent task of the ROC Navy, remained stagnant due to consideration of political factors and obstruction by the Chinese communist authorities.

On 1 December 1983 South Korea's Hyundai Group sent its men to Taipei to brief the ROC Navy headquarters on the “Ulsan-class” warships. After that, officials of both sides in charge of the project, like Chong Chu-yong, president of the Hyundai Group, and Admiral Liu Ho-chien, ROC Navy commander in chief, busily traveled between Taipei and Seoul in connection with the warship purchase plan. On 9 May 1989, the Legislative Yuan adopted a resolution on building two “Ulsan-class” destroyers in Korea, but it was suspended out of consideration for political factors between the two countries.

It is learned that every time the ROC's senior military officials or relevant personnel came here for a visit, the Korean Government and military circles would ask them about the ROC's opinions of the “Ulsan-class” warship purchase plan. When General Chen Shing-ling, the ROC's chief of general staff, visited Seoul recently, South Korean Premier No Chae-pong, Defense Minister Yi Chong-ku, and the director of the Hyundai Shipyard showed their concern about the warship purchase plan. Chief of General Staff Chen was deeply impressed by the Korean Government's tremendous attention to the ROC's purchase of Korean warships.

In a practical situation, the ROC has to take many factors into consideration when purchasing warships from abroad. In terms of the ROC's military needs, the purchase of the “Pohang-class” corvettes from South Korea has long been subjected to combat capability evaluation by the relevant authorities of the ROC Navy. This will have a positive impact on the ROC Navy's warship manufacturing program in terms of “logistics supply,” “technical transfer,” and “logistic integrated services” (LIS) in the future. The implementation of the “logistic integrated services” (LIS) in particular will certainly accelerate the ROC Navy's pace in upgrading its outmoded warships.

The purchase of the “Pohang-class” warships was finalized after the “Ulsan-class” warship purchase plan had been

reevaluated. Judging from the scope of applicability and the use of this warship in actual combat, the "Pohang-class" corvettes will not only satisfy the needs for combat capability in the Taiwan Strait, but will also strengthen diplomatic relations between the two countries.

U.S. Urged To Remove Taiwan From Watch List

*OW1103183091 Taipei CNA in English 1601 GMT
11 Mar 91*

[Text] Taipei, March 11 (CNA)—Director General of the Board of the Foreign Trade Sheu Ke-sheng Monday urged the United States to remove the Republic of China (ROC) from its Section 301 Watch List and to help the ROC join general agreement on tariffs and trade and other international trade organizations.

Sheu made the recommendations in a speech to the Sino-American trade talks which opened here Monday. The four-day talks will end Thursday.

The Republic of China has been placed on the "Priority Watch List" under the "Special 301" provisions of the 1988 Trade Act, but was moved to the "Watch List" on Nov. 1, 1989, because of substantial progress in Taiwan's protection of intellectual property rights.

Sheu said that one of the encouraging signs in Sino-US trade relations in recent years is that United States has worked to avoid confrontations in grappling with trade problems.

He said that because of ROC efforts to diversify its markets, the huge trade surplus with the US has been greatly reduced. He added that with Taiwan's per capita income growing quickly and various national development plans soon to be implemented, Taiwan will be a good market for both goods and services.

Sheu stressed that in the past year, the ROC has stepped up efforts to protect intellectual property rights. Taipei has revised its laws, and taken measures to enforce laws cracking down on property right violators.

He hoped that the US will remove the ROC from its watch lists during their annual review and will help the ROC soon join GATT and other organizations in order to expedite the latter's policy of trade liberalization.

Talks on Intellectual Property Rights Conclude

*OW0603025291 Taipei CNA in English 1540 GMT
5 Mar 91*

[Text] Taipei, March 5 (CNA)—Negotiators from the Republic of China (ROC) and the United States Tuesday concluded two days of consultations on the protection of intellectual property rights.

The second day of the meeting focused on the protection of integrated circuit (IC) layouts, one of the three topics of American concern. The other two topics are the copyrights [words indistinct] cable tv.

Chief US negotiator Catherine Field, assistant general counsel of the office of US Trade Representative, hoped that Taipei will [words indistinct] as possible and IC layouts [words indistinct] on law which meets the requirements of the [word indistinct] convention.

ROC chief negotiator Wu Hui-jan, director of the National Bureau on Standards, stressed that the country very much wants to enact a law to protect the intellectual property rights of both foreign and domestic manufacturers.

Actually, he said, the Ministry of Economic Affairs has already begun drafting a proposed law which is expected to be formally enacted within five years.

At present, Japan is the only Asian country that has such a law. The Republic of China's quick movement in this direction indicates its sincerity in strengthening the protection of intellectual property rights and improving trade ties with the United States, Wu noted.

Saying she understands the enactment of the law requires time, Field urged the Republic of China to speed the passage of intellectual property rights protection laws, especially the [word indistinct] copyrights law pending in the legislative Yuan.

In an effort to convince Taipei that such moves will be in its best interests, Field noted that the submission of a draft copyrights law to the legislature helped get the ROC out of the US Government's "super 301" watch list.

Nations put on the list are subject to American trade retaliation if Washington concludes that they permit unfair trade practices.

President Hosts Peruvian First Lady

*OW1103181291 Taipei CNA in English 1542 GMT
11 Mar 91*

[Text] Taipei, March 11 (CNA)—President Li Teng-hui and Mrs. Li hosted a dinner in honor of Peruvian First Lady Susana Higuchi de Fujimori Monday.

President Li told his guest that he hoped relations between Peru and the Republic of China will be further strengthened on the basis of their long-standing friendship.

Li said he believes Mrs. Fujimori's visit to the Republic of China will deepen mutual understanding and help consolidate bilateral ties.

The Peruvian guest, who arrived March 7 for a seven-day private visit, thanked the Republic of China Government and people for their hospitality.

President Meets Tongan Defense Minister

*OW1203144891 Taipei CNA in English 1408 GMT
12 Mar 91*

[Text] Taipei, March 12 (CNA)—President Li Teng-hui said Tuesday that he hopes agricultural cooperation between the Republic of China and the Kingdom of Tonga can be strengthened.

The president made his remarks while welcoming Tongan Crown Prince and Defense Minister Tupoutoa.

The Tongan crown prince said Pacific countries should create a community following the thaw in relations between the United States and the Soviet Union.

“The Republic of China can play a crucial role” in such a community, Tupoutoa added.

Hong Kong

Activities of Director Lu Ping Reported

Comments on Overseas Chinese Policy

HK1203022591 Hong Kong SOUTH CHINA MORNING POST in English 12 Mar 91 p 1

[By Kent Chen]

[Text] Senior Chinese official Mr Lu Ping yesterday rejected appeals by New Territories leaders to grant right of abode to indigenous rural inhabitants with foreign passports as soon as they returned to Hong Kong after 1997.

Mr Lu insisted that the emigrants, like any other foreign passport holder, had to renounce their foreign nationalities in order to be eligible for the right of abode in the Special Administrative Region.

The remarks of the director of the Hong Kong and Macao Affairs Office under the State Council were made at a reception with Heung Yee Kuk leaders yesterday.

Kuk chairman Mr Lau Wong-fat repeated their demands for nationality privileges for former New Territories residents.

Mr Lau said the current practice in which former New Territories residents could resume their right of abode in Hong Kong without surrendering their foreign passports should be maintained after 1997.

The policy change, which arose from the transfer of sovereignty in 1997, would undermine the traditional inheritance practice of the indigenous New Territories residents, he said.

In the long run, those former residents who intended to serve Hong Kong by taking part in politics would be restricted by the Basic Law, which bars foreign nationals from taking up certain Legislative Council seats and top government posts.

But Mr Lu said the Chinese Nationality Law did not allow dual nationality.

Although former residents would be welcome to return to Hong Kong, granting them the right of abode without them renouncing their foreign nationalities would contradict the mainland nationality laws, he said.

Mr Lu said the Basic Law had already spelt out special safeguards for the New Territories indigenous residents and he urged all communities in Hong Kong to co-ordinate their different demands and interests.

The Basic Law does not provide specific stipulations on the status of former New Territories residents who have emigrated overseas. Like other foreign passport holders, they will have to reside in the Special Administrative Region for at least seven years to be eligible for permanent residency.

Mr Lu was urged by Kuk leaders yesterday to pay attention to "appropriate channels" through which former rural residents who had emigrated to other countries, in particular Britain, would be welcome to return.

Mr Lau said there were thousands of people now settled in Britain and other European countries who still regarded Hong Kong as their home and would like to come back.

"Many of them have considerable achievements. If their status can be duly recognised, they will be able to contribute to Hong Kong's prosperity," he said.

Expresses Confidence in Future

OW1203173291 Beijing XINHUA in English 1559 GMT 12 Mar 91

[Text] Hong Kong, March 12 (XINHUA)—Lu Ping, director of the Hong Kong and Macao Affairs Office under the State Council of China, today expressed his confidence in the future of Hong Kong.

Speaking at a press conference here this afternoon, Lu said: "I am confident that no matter how many difficulties and problems we have, so long as both China and Britain abide by the Sino-British Joint Declaration, strengthen our cooperation and rely on the efforts of the six million Hong Kong people, Hong Kong will achieve smooth transition and continue to prosper and develop."

Lu, who is visiting Hong Kong together with Ji Pengfei, former director of the Hong Kong and Macao Affairs Office under the State Council, said that during their stay here, they had had fairly extensive contacts with people from different social strata.

"What we feel very strongly about is that people's confidence in Hong Kong has grown markedly," he said.

Lu said he was told that many people who had left Hong Kong began to return to Hong Kong to seek further development.

He expressed the sincere hope that more and more Hong Kong people will come back and participate in the building of a prosperous Hong Kong.

Lu said during the visit they found in particular that there had been a stronger call for the development of closer cooperation between Hong Kong and the Chinese mainland. "In order to strengthen our mutual understanding and communication, people from all walks of life in Hong Kong including civil servants at various levels of the Hong Kong Government are welcome to the mainland for a visit," he added.

Both Lu and Ji are scheduled to leave Hong Kong on March 14.

Meets Union Representatives

HK1303022191 Hong Kong *SOUTH CHINA MORNING POST* in English 13 Mar 91 p 2

[Text] China yesterday pledged to talk with Britain about pensions for Hong Kong's 186,000 civil servants in an attempt to maintain their morale during the transitional period.

About 20 representatives from five major civil servant unions met the Director of the Chinese State Council's Hong Kong and Macao Affairs Office, Mr Lu Ping, expressing their concern over the pensions.

Representatives of the Unions, which included the Federation of Civil Service Unions, the Hong Kong Chinese Civil Servants' Association, the Senior Non-expatriate Officers Association and the Hong Kong Civil Servants' General Union, were assured China wanted a stable civil service in 1997.

But Mr Lu said it was impossible for them to expect a pension lump sum.

The vice-president of the Federation of Civil Service Unions, Mr Leung Chauting, quoted Mr Lu as saying suggestions on setting up pension and provident funds could be considered.

Mr Leung said Mr Lu promised China would raise the issue with the Sino-British Joint Liaison Group in the hope of finding an answer before 1997.

Mr Lu also told the unionists not to worry about the future as the Basic Law had spelt out protections for public servants.

Cited on Turnover of Reserves

HK1303020791 Hong Kong *SOUTH CHINA MORNING POST* in English 13 Mar 91 pp 1, 2

[By Chris Yeung]

[Text] China expects the Hong Kong Government to hand over an "ample" amount of reserves to the Special Administrative Region [SAR] government in 1997, senior Chinese official Mr Lu Ping said yesterday.

While he would not say how much he or Beijing might consider adequate, Mr Lu repeated fears that the Port and Airport Development Strategy (PADS) might drain the Treasury by the time sovereignty reverts to China.

Mr Lu, Director of the State Council's Hong Kong and Macao Affairs Office, said China hoped that when the SAR was set up "we will have ample funds because we will have a lot of things to do and expenses to incur".

"We've requested the Hong Kong Government to consider keeping an adequate size of reserves (for the SAR)," Mr Lu said.

He would not comment on reports that Beijing had demanded a golden handshake from Britain of at least \$50 billion.

Hong Kong's reserves were estimated to be \$72.73 billion as of March 1. The Land Fund was about \$20 billion.

Asked about suggestions the SAR Land Fund could have snowballed to \$80 billion by the handover, Mr Lu said: "Who said that? ... the Financial Secretary? Thank God. Thank you very much.

"If (we) can get \$80 billion, I should be very grateful."

The Financial Secretary Sir Piers Jacobs only last week said the \$80 billion estimate was "not unrealistic".

This is the first time Chinese officials have revealed that financial demands had been put to the Hong Kong side on the controversial infrastructure plan.

Although still tight-lipped about his two rounds of talks with the Governor, Sir David Wilson, last week, Mr Lu emphasised that progress had been made.

Stressing that China saw eye-to-eye with the Government on the urgent need for a replacement airport at Chek Lap Kok, Mr Lu indicated the projects should be completed with "low investments but high returns".

"This is because it touches upon how much reserves the SAR government will inherit."

"The Communist Party General Secretary Jiang Zemin has said we did not want to see (the scenario of) 'you host a banquet, we foot the bill'."

"He was not saying that the central Government would have to pay the bill, but the SAR government."

"The Basic Law provides that the SAR will be financially independent. If Hong Kong ends up in a financial crisis, the central Government would not spare a penny for Hong Kong."

"The financial burden has to be shared by the local people, and the post-1997 government has to raise taxes among everybody. I really don't want to see that," Mr Lu said.

Attributing the success of the territory to its low tax policy, a major attraction for foreign investors, he warned that the territory would lose its edge over other countries in the region if higher taxes had to be imposed.

China was obliged to help create a sound financial situation for the future SAR before 1997.

Quoting a Basic Law provision that says the SAR should maintain a balanced budget, he said: "If we failed to maintain a balanced budget, the Basic Law will become an empty word."

Under the Sino-British Joint Declaration the Chinese Government should under no circumstances shirk its responsibility to discuss matters that straddle 1997 and cannot be solved by the Joint Liaison Group.

But, he added: "We do not intend to intervene over internal matters that fall under the day-to-day administration of the Government."

Mr Lu also declined to confirm reports that China had demanded "a few representatives" be allowed to sit on the future Airport Authority and be vested with the power of veto over major decisions.

But he insisted consultation between the Chinese and British Hong Kong governments was necessary to ensure the Airport Authority, set up before 1997, would be allowed to continue beyond the handover.

Mr Lu pointed out that the "degree of transparency" of the airport should be increased to let the public give their views on it because the huge amount of spending on it would affect everyone.

Mr Lu and his predecessor at the Hong Kong and Macao Affairs Office, Mr Ji Pengfei, finish their 12-day mission tomorrow.

A group of students confronted them at the China Resources building yesterday.

The protesters demanded the release of Hong Kong residents, Luo Hai-sing, Li Longqing and Lai Pui-shing, who were jailed for up to five years for helping leading dissidents to flee China.

Mr Lu, however, made only a terse reference to the sensitive issue of subversive activities.

He refused to be specific on whether the United Democrats of Hong Kong, whose key leaders also sit on the Hong Kong Alliance in Support of the Patriotic Democratic Movement in China, would be banned after 1997.

"As long as they abide by the existing law and the Basic Law, they will of course be allowed," he said.

But he also quoted an article in the Basic Law which says the future SAR should enact laws on ban such activities as acts of treason, secession, sedition and subversion.

Insisting the case of Luo Hai-sing was a matter for the judiciary, he pointed out that any Hong Kong residents and foreigners had to follow mainland law while they were in China.

Similarly, any mainland visitors to Hong Kong would have to follow the territory's laws.

Joint Liaison Group Meets in Beijing

OW1203065291 Beijing XINHUA in English
0626 GMT 12 Mar 91

[Text] Beijing, March 12 (XINHUA)—The 18th meeting of the Sino-British Joint Liaison Group was held here this morning.

Guo Fengmin, senior Chinese representative, and A. C. Galsworthy, senior British representative, were present at the meeting.

The meeting is scheduled to close on March 14.

Guangzhou Sentences Hong Kong Drug Smugglers

HK1303100091 Hong Kong TA KUNG PAO in Chinese
13 Mar 91 p 2

[“Special dispatch:” “Three Hong Kong Residents Sentenced to Death or Given Stay of Execution for Drug Trafficking”]

[Text] Guangzhou, 12 Mar (TA KUNG PAO)—In Guangzhou, Liu Chien-kuang and Chen Chih-heng, two residents of Hong Kong, were today separately sentenced to death and given stays of execution for drug trafficking. Another drug trafficker from Hong Kong named Yang Jui-chiu was also sentenced to death today.

Liu Chien-kuang was the prime culprit of some major drug-trafficking cases cracked by the police in recent years. By colluding with other criminals, Liu trafficked and sold drugs five times. He sold 1,678.5 grams of heroin and 15 kilograms of opium. He also ganged up with other people pretending to be public security men to rob other drug traffickers of 53,428 grams of heroin. He earned a total of 1.68 million Hong Kong dollars from selling drug.

Chen Chih-heng ganged up with local people in smuggling drugs from Burma to Guangzhou and sold the drugs to other traffickers from Hong Kong. He smuggled a total of 6,800 grams of heroin. Because he later cooperated with the police, he was leniently sentenced to death with a reprieve.

Yang Jui-chiu, another resident of Hong Kong who was sentenced to death in Guangzhou, was found to purchase 5,050 grams of heroin and 34.5 kilograms of opium from other traffickers in Guangzhou on five occasions. He then smuggled part of the drugs he procured out of Mainland China.

Today, capital punishment was also inflicted on two drug traffickers who were mainlanders. At the end of the primary trial, eight people were sentenced to death; and 15 people were sentenced to death with a reprieve, life imprisonment, or 15 years' imprisonment.

Hong Kong Detainee To Appeal Sentence

HK1303022391 Hong Kong HONGKONG STANDARD in English 13 Mar 91 p 10

[By S. L. Law]

[Text] Hong Kong businessman Lo Hoi-sing, sentenced to five years jail in Guangzhou, was in good health and had decided to study law if his appeal failed, lawyer Kang Shu said yesterday.

Mr Kang refused to speculate on the outcome of the appeal against Mr Lo's conviction on February 26 of helping pro-democracy "black hands" Chen Ziming and Wang Juntao hide in Guangdong.

Mr Kang said he was not afraid of pressure from the Chinese government in representing a case of this kind. "I have not felt any pressure," he said.

The second defence statement would be ready as soon as the appeal was lodged with the Guangdong Supreme Court. The Lo family is expected to lodge the appeal today.

"The defence statement will be based on the one presented during the first trial, with some new arguments," he said.

In Hong Kong, the Lo family yesterday presented a letter of petition to the visiting director of Hong Kong and Macao Affairs Office, Lu Ping, calling for a lenient sentence.

An earlier petition presented through the Hong Kong office of Xinhua News Agency failed to reach Mr Lu. Copies of the letter were distributed to Hong Kong delegates to the National People's Congress yesterday.

Editorial on Issuance of Rose Garden Bonds

HK1203114591 Hong Kong *WEN WEI PO* in Chinese
8 Mar 91 p 2

[Editorial: "Issuance of Rose Garden Bonds and Debentures by the Government Is Open to Question"]

[Text] The 1991 budget is actually a continuation of the 1990 budget. Beginning from 1990, the Hong Kong Government has decided to use Hong Kong's financial reserves and continue to increase taxes to muster funds for the Rose Garden. Because of the Rose Garden plan, there will be deficits in the budgets for the coming six years of the transition period. Hence, the authorities will have to canvass for funds to make up the relevant deficits.

The increase in taxes by a wide margin and issuance of bonds and debentures under the conditions of financial reserves totaling HK\$72.7 billion [Hong Kong dollars] and the economy increasing by only 3.5 percent constitute a distinctive characteristic of this year's budget.

This financial arrangement is bound to affect nongovernmental resources, check Hong Kong's economic growth, and aggravate inflation. A government with foresight will never adopt such a strategy. For a long time, the Hong Kong Government has asserted it will not pursue a policy of interference in economic affairs. In the Rose Garden building plan, however, the Hong Kong Government has followed the Keynesianist theory of interfering in economic affairs and stimulating short-term prosperity, regardless of the grave consequences of inflation.

Keynesianism actually means making use of government policies of taxation, issuing of bonds, and public expenses to interfere in the laws governing the economy and artificially create social consumption demand for the sake of stimulating a short-term production boom. Practice in Western countries has proved that this policy results in "after happiness comes suffering" and the predecessors eating the sweet fruit while the successors bearing the bitter consequences.

For the sake of carrying out the Rose Garden building, [Financial Secretary] Sir Piers Jacobs proposed "issuing bonds to muster funds for large-scale capital construction projects," "as these projects will benefit the later generations, it is quite reasonable for them to bear part of the cost" in his budget. "I have already decided on a finely structured and perfectly managed plan of short-term bonds issued by the government." If the term of the bonds goes beyond 1997, it will become a burden of the government of the Special Administrative Region [SAR], just like "I pay for the guests entertained by you." The Chinese Government hopes that the financial status of the SAR government will be normal to ensure the smooth transition. This position is known to all. For this reason, the finance secretary explained that it will be short-term bonds of only three years.

The short-term bonds can only solve the problem of capital turnover within 1994. By the year 1995, only two-year bonds can be issued which will correspondingly increase the costs. As the annual cost of projects in the coming years will be around HK\$13 billion to HK\$20 billion and the annual deficits will total over HK\$10 billion, it will be unlikely to contract new debts to repay old ones.

What is more, payment of interests will be required for the issuance of bonds and debentures. Interests of the debts cannot exceed the running balance of investment profits of financial reserves. In addition, guarantee money ensured by the financial reserves will be required for the issuance of bonds. Hence, no matter how the bonds are issued, it is conditioned by Hong Kong's financial situation. Hong Kong high-ranking officials said the other day: Although reserves for 1992 will total HK\$74 billion, there will be deficits for three successive years because of the huge expenses for capital construction. By the year 1995, financial deficits will total HK\$13 billion and the balance of reserves will reach HK\$40 billion. If the HK\$140 billion Rose Garden scheme is carried out in light of the original plan, financial reserves of only HK\$5 billion will be left by the year 1997. Moreover, comprehensive expenses of the Hong Kong Government in 1997 will total HK\$230 billion. It is quite obvious that the remaining financial reserves of HK\$5 billion will be very dangerous. In light of past experience, the financial secretary must have financial reserves equivalent to one-third of the year's annual expenses to deal with the adverse economic situation. With the limited amount of reserves, repayment of the bonds will of course be out of the question.

If bonds are issued under such circumstances, misgivings of the investors will be unavoidable. For this reason, only short-term bonds should be issued.

The only way out is to reduce the scope of the Rose Garden scheme, complete the projects by stages, and ensure better results with less investment. With a good plan which promises profits and bright prospects, busi-

nessmen will make investment one after another. The bonds issued by enterprises at that time will then be well-received by investors. This conforms to the saying "investment by the predecessors benefiting the successors." If investment by the predecessors is wrong, besides the failure to benefit, the successors will have to bear an increasingly heavy burden.

The Rose Garden bonds issued by the authorities reflect the following fact: When the private firms and large international banks think that the Rose Garden do not promise profits and bright prospects or believe that credit provided will be too risky, the authorities will have to inject money by themselves and muster funds by means of issuing bonds.

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